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# Forever in Amber: Life 'Restored' After 30 Million Years

NEW YORK —A prominent molecular biologist says he has restored dormant, 30-million-year-old bacteria to life, a feat so astonishing that, if confirmed, it would force scientists to take a fresh look at long-held notions about the temporal limits of

A report of the achievement was published Friday in the journal Science, but even before its publication, scientific skeptics familiar with the work were labeling the claim implausible and probably the result of accidental contamination of lab-

Nevertheless, Dr. Raul J. Cano, a professor at California Polytechnic State University at San Luis Obispo, is confident that he has revived bacteria, Lazarus-like, that date from tens of millions of years

He said he had accomplished the feat hy extracting bacterial spores, a form in which the microbes are io suspended animation, from the stomachs of ancient bees embedded in tropical amber and growing the bacteria in a culture in a laboratory dish. He said he had revived more than 100 types of hacteria.

Although some investigators have recovered what they believe to be fragments of the genetic material. DNA, from preserved hiological tissue millions of years old, the notion that it might be possible to revivify an entire organism of such great age has been generally dismissed as science fiction.

Even a one-celled organism like a bacterium is far more complex and, presumably, more vulnerable to the ravages of time than is a chemical compound like DNA, it was believed.

A living organism is subject to starvation ex-remes of temperature, chemical attack, oxidation and assaults by microorganisms and enzymes.

But scientists have long known that bacteria have some potent defenses. When subjected to extremely nostile conditions, bacteria often encapsulate themselves in thick layers of protein and shut down their metaholism. They become spores, withstanding the rigors of desiccation, heat and cold. Although spores hundreds of years old have been

found, rehydrated, nourished and restored to life as bacteria, the revival of spores millions of years old was widely considered impossible.

Dr. Cano is well known among molecular biolegists for the revolutionary research conducted by a team of which he was a member. He and the other scientists isolated DNA from extract zebras and other animals and plants, using their analyses of DNA sequences to map relationships among species

and evolutionary pathways.

Some of their conclusions remain controversial, but their work created a new and fruitful field of biological research.

Dr. Cano is so confident of his latest findings that he has founded a company. Ambergene Corp., in San Carlos, California, to develop pharmaceuucal products derived from the putative ancient organ-

Dr. Cano and his colleagues reason that pathogenic bacteria that have never been exposed to natural antibiotics that disappeared from the world at large millions of years ago may be vulnerable to them. If so, ancient bacterial antibiotics could be-

come valuable new weapons against disease.

Dr. Cano said most of the ancient microorganisms he had cultured are strains of Bacillus sphaericus, a harmiess bacterium that is common today in soil and in the bodies of insects.

Whether or not the strains of Bacillus sphaericus found in amber are essentially identical to modern bacteria remains to be seen: skeptics who contend that they are the same say that this shows the "ancient" bacteria to be nothing more than modern

But Dr. Cano is sticking by his guns. He said his team had taken such scrupulous precautions that accidental contamination appeared to be ruled out.

# **Stocks Stage** An Orderly Retreat From Record Highs

Market Euphoria Fades As Analysts See Signs Of Possible Correction

> By Lawrence Malkin International Herald Tribure

NEW YORK - The stock market conducted an orderly retreat Friday from the year's peak, with analysts and investors deflating their own cuphoria but still di-vided on whether the market will land as softly as the U.S. economy.

After an 82-point plunge Thursday in the year's biggest selloff, the Dow Jones Industrial Average opened Friday almost 3 points higher, at 4,340, and closed at 4,341. an 89-point loss for a week that called recent bullish expectations into question.
As the bubble deflated on Wall Street. the air also went out of stock markets in Asia and Europe, most of which were down a percentage point or two.

But the nervousness did not appear to have spread to the dollar or to the bond market, both of which held steady while traders waited for data on the real economy, due next week, and the meeting of the interest-setting Open Market Committee of the Federal Reserve on Tuesday.

Since November the Dow has risen 700 points, reaching a record high of 4,437 on Monday. The pace accelerated after the new year, with the Dow average rising 11 percent during the past two months alone, as Wall Street persuaded itself that the Federal Reserve's interest rate increases in 1994 would halve the economy's unsustainable growth rate of more than 4 percent and brake inflation.

Leading analysts said Friday they still believed this soft-landing strategy would

"A recession will be avoided." Abby Joseph Cohen, top strategist for investment bankers Goldman, Sachs & Co. pre-

dicted Friday.

But she said the hig trading firm had pulled in its horns a bit, especially on technology stocks, which had paced the market's rise because of the demand for computers to retool industry and to drive the expanding service economy.

She said Goldman, Sachs had reduced the recommended weighting of stocks in

client portfolios from 75 percent to 60 percent. It recommended keeping 25 percent of the portfolio in bonds, 10 percent in cash, and 5 percent in commodities.

Some of the prudence Friday may have

been part of what Wall Street politely calls a correction - or, perhaps, a consolida-

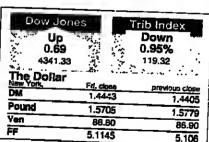
Technical analysts pointed out that a stock market run-up of this magnitude normally corrects itself by a fall of onethird to one-half of its recent gains as traders take profits and sit on the sidelines

Optimistic analysts said the market was merely consolidating its gains because technology stocks were still strong and returns on bonds unattractive relative to stocks.

But as the Dow headed for its peak, the

overriding sentiment was euphoria.
"Where have all the bears gone?" asked the cover story in Forbes Magazine, which bills itself as the "Capitalist Tool." Citing one brokerage analyst after another who had abandoned market skepticism in advice to clients, the biweekly magazine said it could find hardly any pessimists on Wall

That may not be a optimum condition, warned Hugh Johnson of First Albany Securities, who tracks prevailing market See MARKET, Page 5



# Tehran Grants a Glimpse Of a Nuclear Site Reborn

Russian Workers Are Invisible at Plant That U.S. Fears Could Give Iran a Bomb

> By Elaine Scioling New York Times Service

BUSHEHR, Iran -At a vast construction site baked by the sun and buffeted by the salty Gulf air, two partly built nuclear reactors are frozen in time.

For the Iranians, the enormous steel and concrete structures represent what might have been and what might be, a symbol of their right to develop nuclear energy and of their potential to become a great region-

For the Americans, the reactors are an ominous sign of Tehran's determination to build nuclear weapons within the next decade and a threat to U.S. national security. There is no evidence that this site, 1,200 kilometers (740 miles) south of Tehran, is a

center for a weapons program, and inspectors from the International Atomic Energy Agency have never reported suspicious ac-But the plant has strained Washington's

relationship with Mostow, aggressed al-ready immical relations between the Unired States and Iran and trained the spotlight on a place that has yet to produce either a gram of enriched uranium or a watt of electricity.

The United States they have evidence that Iran is secretly buying components and technology from abroad that point to a determined weap-

ons program.

The U.S. view is that the project is dangerous because it will bring hundreds, perhaps thousands, of Russian experts to

Iran who could help build nuclear bombs. Despite the insistence of Iran's leaders that they have no intention of becoming a nuclear power, they have invited few outsiders to Bushehr, and in opening up the

complex to a foreign reporter, they clearly intended to prove they have nothing to

"We only want to get the benefit of the huge amount of money we have already spent," Reza Amrollahi, the head of Iran's nuclear program, said in an interview in Tehran. We have the right, just like any other country, to develop a peaceful nucle-

ar energy program."
Shah Mohammed Reza Pahlavi once said Iran would have nuclear weapons without a doubt and sooner than one would think," and it was he who in the 1970s asked the German engineering company Siemens to build a nuclear energy complex for his country.

The revolutionaries who toppled him in 1979 vowed, as they put it, not to waste the people's money on such a frivolous project, and they canceled the contract. But several years later, they changed their minds and decided to make good on the \$6 billion investment.

But Boun; suspicious of Iran's inten-tions and under intense U.S. pressure, de-termined to avoid all nuclear cooperation with Iran. Then the Russians came along this January with an irresistible bargain: They would huild and install a light-water lion, and finish the second one if the first

"Because of the bad economic situation in Russia, the Russians can do industrial and technical magic here," said Kazem Khabir, the deputy manager of the site and a nuclear engineer who received his master's degree from the University of Oklahoma. "For such a small price, I don't think the West could have done such a thing." Although soldiers guard the site's en-

See IRAN, Page 5



The fugitive German tycoon Jürgen Schneider in an FBI vehicle following his arrest in Miami after 13 months in hiding.

### AGENDA

# NATO Seeks Balkan Troop Pledges

BRUSSELS (Reuters) — The North Atlantic alliance's military head is ask-ing member countries for firm pledges on troops and equipment for a possible UN withdrawal operation from former Yugoslavia, NATO sources said Friday.

They said General George Joulwan had been authorized by NATO's politi-cal wing to seek specific answers on what troops member nations would be prepared to commit. NATO officials immediately sought to play down the significance of the

move, stressing that it was not a request for mobilization and fell into the category of planning. The United States has indicated it would provide about half of the 40,000France's Defensive Minister

THE AMERICAS A Christopher Error on Korea

Page 14. Currencies and Bonds

BUSINESS/FINANCE U.S. Lends More to Mexico Sports Pages 18-19.

to 45,000 force required for what would be the largest military operation ever undertaken by the North Atlantic Trea-Books Page 5. Crossword Page 19. ty Organization. International Classified

# Germans Seek Realty King's Extradition

By Rick Atkinson hington Post Service

BERLIN - German authorities said Friday that they would ask the United States to swiftly extradite Jürgen Schneider, the fugitive construction magnate who was arrested in Miami on Thursday after a 13-month global manhunt.

Federal law enforcement officials have already filled out an extradition application, a Justice Ministry spokesman said, although it may be several months before Mr. Schneider, 60, returns to face trial in

Germany on fraud and forgery charges.

Mr. Schneider, who was being held in a jail cell across the street from Miami's federal courthouse, faces up to 10 years in prison if convicted.

The so-called "construction king," who built Germany's largest private real estate empire before vanishing in April 1994, is accused of duplicitously amassing debts of more than 5 billion Deutsche marks (\$3.5 billion.) The flight of the bricklayer who became a billionaire tycoon shocked the

Considered one of Germany's mostwanted fugitives, Mr. Schneider had been variously reported to be in the Bahamas, Iran, Paraguay and other exotic locales. But the police said he apparently spent most of the past year in the United States after fleeing Europe on a flight from Switzerland to Washington.

News of Mr. Schneider's arrest by the FBI was greeted with enthusiasm Friday by German banks, construction companies and others left holding the bag after his ahrupt disappearance.

"We hope that it will be shown whether

German police said they tracked down Mr. Schneider by following an Italian courier who also acted as the fugitive's driver and assistant. The courier, identified as Luigi

ment building on Thursday in a rental car with another man, according to Hans Schmid, who headed the investigation.

The two men bought liquor and fruit before stopping at a bank north of Miami.
When Mr. Poletti went inside, German investigators and FBI agents approached the car and arrested the man, who, despite having grown a mustache and shed his trademark toupee, was recognizable as Mr. Schneider. An hour later the fugitive's 49year-old wife, Claudia, was arrested in a luxury condominium where the couple reportedly had lived for at least eight

Mr. Schneider parleyed his passion for renovating old buildings into a constella-tion of richly appointed commercial properties, including such glitzy enterprises as the Schiller Passage shopping mall in Frankfurt, Hotel Rose in Wieshaden and

See ARREST, Page 5

# From Yeltsin Effort at Harmony, Discord

By Michael Specter New York Times Service

MOSCOW — When President Boris N. Yeltsin persuaded his final few supporters to form their own political party last month, it seemed like a crafty effort to circle the wagons: A powerful centrist bloc might be the only way to keep extremists from winning elections here later this year. But what began as an attempt at political consolidation has quickly turned into

an epidemic of divisiveness. Newsstand Prices \_9.00 FF Luxernbourg \_60 L Fr ...960 CFA Senegal......960 CFA

Mr. Yeltsin had hoped to create blocs — one led from the right by Prime Minister Viktor S. Chernomyrdin; another from the left by the speaker of Parliament, Ivan P. Other democratic parties, fearing the

rise of fascism or the return of communism, were to rush to the center in an effort

### **NEWS ANALYSIS**

to hold the line for moderation and reform. That would supply enough gravity in the center to fend off the extremes. At least that was the idea, which lasted less than a

"These parties created by the power clite are in no way compatible with what is called democracy," said Grigori A. Yav-linski, a liberal economist who leads his own political faction.

Mr. Yavlinski's faction, while not very popular, is far more attractive to most voters than anything associated with Mr. Yeltsin. "This bloc of the old leaders is going to do nothing for unity," he said.

But then neither, it appears, is Mr. Yav-linski. For a tantalizing day last week he appeared ready to unite his political fac-tion with Russia's Choice, the party of Yegor T. Gaidar and the largest liberal group in the country.

Both men appeared last Sunday night on the talk show Itogi, and Mr. Yaviinski acknowledged that without harmony between their groups, the democrats could be in for a rough ride at the polls in Decem-

But democracy is still new to Russia, and harmony has never been one of the country's best known attributes. By the next day, Mr. Yavlinski was acting as if he had been forced to make such conciliatory And members of Russia's Choice have now declared war on the only political

group whose ideology they essentially "He acted like the worst of traitors," said Alla Y. Gerber, a member of the See YELTSIN, Page 5

# country and deeply embarrassed the giant Deutsche Bank, which had bankrolled him Poletti, flew from Geneva to Miami earlier this week and was seen leaving an apart-

there's still money hidden somewhere which could be used for unpaid tradesmen," said Karl Klumpp, spokesman for a workers' association.

At a press conference in Wieshaden.

the Berheimer Palace in Munich. He was

# Chasing the Balanced-Budget Rainbow Congress Has Tried Before to Rein In the Deficit, but in Vain

By David E. Rosenbaum New York Times Service

WASHINGTON - "Make no mistake about it, this hill is a historic watershed," said Senator Boo Packwood, Republican of Oregon. "If this hill does not work, or if Congress and the president attempt to frustrate it, we will lose our last significant opportunity to deal with

Those sentiments were expressed repeatedly as the House of Representatives approved a resolution Thursday that is supposed to lead to a balanced budget by 2002 and the Senate began debate on a companion measure.

But Mr. Packwood's remarks were not made Thursday. They came on the night 10 years ago when Congress approved the Gramm-Rudman-Finumes legislainto balance by 1991. The fact is, Congress has been promis-

ing a balanced hudget ever since 1978, when legislation was adopted stating that beginning in the fiscal year 1981, spending "shall not exceed" receipts. But each time the screw was tightened so much that people were threatened

**NEWS ANALYSIS** 

with actual pain from reductions in government programs, Congress passed new legislation that relaxed the pressure. And the federal budget delicit - the amount by which government spending exceeds revenues each year - continued to rise.

The question now is whether this year is different - whether this time Congress will actually follow through its resolve to adopt and stick to policies lead-

tion, which was meant to put the hudget ing to a balanced budget, or whether today's promises will evaporate once the heat is turned up like so many drops of water in a skillet.

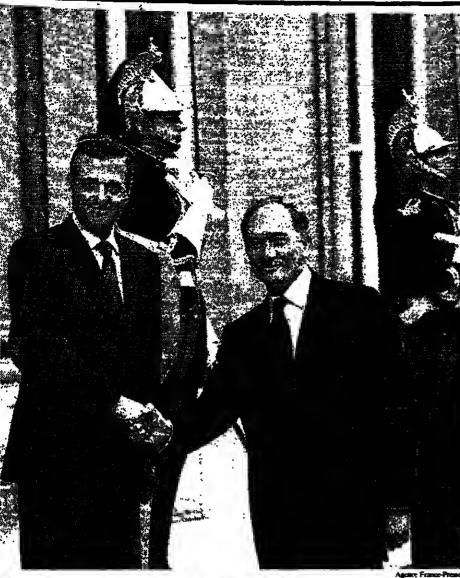
No one can answer the question with any confidence. But economists and political analysts who are following the matter agree that this year feels different. One reason is that the Republicans who control Congress are unified like no other party in decades, and they are committed to the goal of a halanced budget. Many of those elected for the

first time last year believe that their advocacy of a balanced budget was crucial to their success at the polls. Another difference is that the hudget resolutions in the House and Senate this year, despite their lack of specifics, contain few of the gimmicks and unrealistic

See BALANCE, Page 5

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Mr. Léotard, left, handing over the post of defense minister on Friday to Mr. Millon.

### French Minister on the Defensive

PARIS — The new French defense minister, Charles Millon, acknowledged Friday that he had not done the military service

compulsory for most young Frenchmen. "I will say this very clearly: I was exempted for medical reasons. Period," Mr. Millon said when asked about his military record as be

took over from François Léotard. Mr. Millon, 49, gave no information about the medical reasons for his exemption from service, which would have been for 16 months. Mr. Millon, named Thursday in the new cabinet of Prime Minister Alain Juppe, had

shown bittle public interest in defense matters during a long career in politics.

Army officers were nervous before the ceremony, recalling the irreverent comments that marked Mr. Leotard's first contacts with the press three years ago.

Although now a member of the centerright, Mr. Léotard was an extreme leftist when be was called to military service and only narrowly avoided a court-martial for recurrent clashes with superiors. But be woo the grudging respect of the military during his ministerial tour for successfully promoting defense budgets.

### Chirac Sounds Battle Cry on Joblessness

PARIS - President Jacques Chirac, in his secood day in office, urged Parliament on Friday to join his battle against unemploy-

Each legislator, he said in a written message, "has a crucial mission and responsibility in the tasks we must undertake and particularly in the battle against onemployment, which is a cancer in our society."

"Citizens' confidence in their leaders is weakened wheo unemployment and social exclusion cannot be checked," the president

government decided Friday to

of people trying to leave the "hot zone" were still trapped

Soldiers would not let them

pass, and there was little water.

food or shelter, increasing the

risk of an outbreak of other

be relaxed to cover only Kikwit,

about 500 kilometers (300

miles) east of Kinshasa, People

from elsewhere in Bandondu

travel and enter the province.

behind roadblocks.

surrounding province.

In remarks intended to show he was moving swiftly to carry out campaign promises, he proposed two constitutional reforms. One would broaden the issues on which referendums may be called and the other would

lengthen the parliamentary session. The Parliament now meets in two sessions totaling about six months a year, broken by long recesses. Under the proposed reform, it would meet for a continuous nine-month session. The proposed reform was a gesture to the National Assembly president, Philippe Seguin, a key Chirac backer during the presi-dential campaign.

# U.K. Tories' Latest Caper: Covering Up Favors

By John Damton New York Times Service

LONDON - For Prime Minister John Major and his besieged Conservatives, the timing could not have

Just as the House of Commons was getting ready to wade into a provocative debate over the scandalous conduct of members of Parliament, a new scandal broke over the heads of the governing Tories.

Coming at a time when the government wants to limit political damage by embracing reform proposals. the scandal practically ensures that Parliament will adopt a sweeping code to regulate the behavior of its members. The goal would be to try to wean them from the influence of lobbyists and businesses that legally carry them on the payroll.

The latest revelation concerns Sir Jerry Wiggin, a senior Conservative lawmaker and former minister. Paid to represent a trade association, he tried to attach an amendment to a bill under the name of another lawmaker, Sebastian Coe, the former star middledistance runner.

withdrew the amendment and went public.

Sir Jerry, 58, a former junior minister in the Defense Ministry, is a paid adviser to the British Holiday and Home Parks Association. He is on a trip to Sooth Africa sponsored by the House of Commons, and British news programs have shown him refusing all substantive comment on the ground that he has not had a chance to read the newspapers.

But in comments taped before the scandal broke and broadcast by Channel 4's "Dispatches" program, which together with The Guardian oewspaper first disclosed the allegations against him, he implied that the practice of using "a friend" to insert amendments was not uncommon.

"I personally find it more tactful if possible to find people who are interested in the subject than to do it eself." he said.

The speaker of the House of Commons, Betty Boothroyd, said that she was "seriously examining

By coincidence, Thursday was the opening day of Parliamentary debate on a series of reforms proposed by a special 10-member committee led by Lord Justice Mr. Coe, unlike Sir Jerry, is a member of the Nolan. It was set up by Mr. Major last October it committee considering the bill, which would have response to a series of scandals. In the most prominen Nolan. It was set up by Mr. Major last October in loosened some restrictions on trailer park owners case, two ministers resigned after reports that they had when it comes to supplying gas to trailers. When Mr. accepted payments from the owner of Harrods depart-

ment store to pose questions on his behalf as he was (

fighting to purchase the store.

It is legal for lawmakers to represent businesses and even lobbying organizations, and many do.

Research by the Nolan Committee found that 30

percent of the backbench members of Parliament those not in the cabinet, or in the opposition's "shad-ow cabinet"—hold paid consultancies. Of 566 eligible members, 389 have financial relationships with outside bodies connected to their work as lawmakers.

Is Major Foot-Dragging?

Mr. Major was accused Friday of delaying action on the Nolan inquiry after pressure from members of Parliament of his own Conservative Party, Reuters reported. The government announced the creation Thursday night of a new committee to study the inquiry's findings after Conservative legislators reacted furiously to calls for restrictions on their earnings outside Parliament

Opposition politicians attacked the latest committee

as a delaying tactic. Why is it that your government seems incapable of sticking to a course of action for more than five minutes," the minority Liberal Democrat leader, Paddy Ashdown, said in a letter to Mr. Major.

The Labor Party leader, Tony Blair, challenged Mr. Major to "show leadership" and to put the rules into

### BRIEFLY EUROPE

# **Belgian Coalition Faces Voters**

### Sunday's Election Seen as Test for Embattled Socialists

By Tom Buerkle

ional Herald Tribune

BRUSSELS — Belgium's governing coalition limped to the finish of the country's election campaign on Friday, with voter dissatisfaction over high unemployment and corruption scandals threatening the gov-ernment's drive for a new mandate to continue its economic

Prime Minister Jean-Lnc Debaene and his Flemish Christian Democrats have made gains in recent polls and appear likely to beat back a challenge from the Flemish Liberals to remain the largest party in Dutch-speaking Flanders, and hence the country.

But Mr. Dehaene's gains may not make up for losses by one of government." his coalition partners, the Flemish Socialists. The party has seen support drop over investi-Atlantic Treaty Organization.

Mr. Dehaene called the election hoping for a mandate to continue his long-term effort to reduce the deficit and national debt, which at over 130 percent

the ceiling for joining a single Market participants are more European Union currency.

Market participants are more concerned about economic pol-But a poor showing by the Socialists in the voting on Sunday would force the coalition to enlist support from the Liberals

tighten up the current austerity policy, officials and economists After the last election, in 1991, it took Mr. Dehaene more

than three months just to form his four-party coalition. "If Belgium still has the ambition of entering an economic and monetary union, we will have to take some very profound and drastic measures Mark Eyskens, a former Christian Democratic prime minister, said recently. That will be very difficult with a three-party

or the Greens, an unstable mix

that would make it difficult to

Mr. Eyskens should know. He was a member of the last tripartite coalition among gations of alleged bribes by the Christian Democrats, Socialists Italian helicopter-maker and Liberals in the late 1980s, Agusta, an affair that forced and it lasted only three months. Foreign Minister Franck Van- Given the complexities of Beldenbroucke to resign last gium's linguistic divide, each month and has put pressure on political current has separate Willy Claes to step down as parties for Flanders and for secretary-general of the North French-speaking Wallonia. complicating coalition calcula-

So far, financial markets are betting that the coalition will pull through, with the Belgian iranc holding firm Friday at of output is more than double 20.585 to the Deutsche mark.

concerned about economic policy across the border, since abandonment of France's strong-franc policy by President Jacques Chirac would unleash instability across Europe, said Willy Kestens, head of foreign exchange trading at Kredictbank.

The last published opinion poll early this month showed the Christian Democrats and Socialists together drawing support of just over 45 percent, which given Belgium's system of strict proportional representation, would leave them short of a majority in Parliament. The Liberals polled just over 25 per-

# Algerian Killed Self To Protest

**Paris Fate** 

PARIS -- An Algerian television director who fled an Islamic insurgency in his homeland. died after setting himself aftre in a Paris park to protest his difficult situation, friends said

The director, Mohammed Amzert, 46, died a week ago, on May 12. He set himself aftre in the Parc de Choisy on the southern edge of Paris to pro-test the fate of hundreds of exiles leading uncertain lives in France after fleeing Algeria to escape death, friends said.

The police confirmed Mr. Amzert's death, saying he had died in a Paris hospital where he had been taken in serious con-dition after setting himself

Mr. Amzert, who made documentaries for Algerian television, wanted, by this act, to end the daily humiliation and call authorities' attention to the desperate situation of numerous countrymen like him," said a member of his entourage,

seeking to remain anonymous. Thousands of Algerians who consider themselves potential targets of Islamic extremists bave fled, mainly to France, to wait out the insurgency, which has left more than 30,000 people dead in three years.

Once in France, the refugees are given temporary cards that must be renewed every three months but do not allow the bearers to hold jobs. Few are accorded refugee status, the authorities say.

### Finland Leader Bars NATO Entry

BRUSSELS - The new prime minister of Finland, Pazvo Lipponen, made it clear Friday that his country had no plans to join NATO, declaring that Finland "is no East European

"As far as NATO membership is concerned, it is oot on the agenda for Finland," he said. "We have no security deficit." Finland shares a 1,270-kilometer (790-mile) border with Russia. Helsinki has repeatedly stressed that it has no plans to

abandon its policy of military nonalignment.

Speaking in Brussels, Mr. Lipponen said Finland wanted to make a contribution in the military field and was considering upgrading its peacekeeping capabilities. But he added, "We draw a clear line between peacekeeping and peace enforcement. Peace enforcement is not for us."

### Cross-Channel Sprees' III Effects

BRUSSELS - Britons' rush to buy cheaper beer, wine and tobacco in France and Belgium is distorting competition, the European Commission said Friday. It is clear that some of the products being purchased by

British customers are, in fact, being resold, illegally, in the United Kingdom," the Enropean Union's executive body said in a draft report on excise duties on tobacco, alcoholic drinks and mineral oils.

. But under strong pressure from conflicting interests, in particular from the wine, beer and spirits industries, the commission did not propose a solution.

Under single market rules, there is no limit on the amount of beer or wine an individual can buy, duty-paid, in another EU country provided it is for personal consumption.

The report says Union states are largely responsible for cross-border shopping problems. Efforts to balance duties among the countries have regularly failed. (Reuters)

### Pope Set for Polish and Czech Visit

VATICAN CITY - Pope John Paul II takes to the road again Saturday with a three-day visit to the Czech Republic and his native Poland. His wanderlust undiminished despite walking with a limp

since leg singery last year, the Pope will visit Prague and Olomone in the Czech Republic and a string of tiny towns just across the border in the land where he was born. The trip begins three days after the Pope's 75th birthday

and is the second of six foreign visits scheduled for what his spokesman has called the "year of the five continents." The main purpose of the visit is to make saints of two people who lived in Moravia, the eastern part of the modern-

day Czech Republic, in the 13th and 17th centuries. The main canonization, that of the priest Jan Sarkander. has created a fend with Czech Protestant leaders. Protestants tortured Sarkander to death in 1620 in an attempt to learn about the military strategy of Hapsburg Catholic forces in the wars for religious supremacy in the area.

Many modern Protestants charge that Sarkander was a traitor and agent of oppression who encouraged a Catholic

The pope's 10-hour jaunt Monday to three towns in south-can Poland is billed as a tribute to the area where Sarkander was born.

### Poll Gives Berlusconi Good News

MILAN - The media tycoon Silvio Berlusconi is on the way to winning a referendum to be held next month that will

allow him to maintain his grip on Italian commercial televi-sion, an opinion poll published Friday showed.

In the votes, set for June II, Italians will be asked if private ownership of national television stations should be limited to one channel, compared with the present three operated by

Mr. Berluscom's Fininvest company.

A survey by the Directa agency said 56.5 percent of Italians opposed the motion while 43.5 percent were in favor of reducing the former prime minister's television interesis.

Fininvest controls more than 90 percent of the Italian commercial television market through its three stations. The channels' audience share equals that of the three state televi-

But 51 percent said they support a referendum question that proposes severely cutting the time available for advertis-

TRAVEL UPDATE

ing breaks during televised films.
On the issue of whether state television should be privatized, which is also on the June referendum, 60 percent of respondents approved, the Directa survey said. (Reuters)

### In this Monday's

### **CAREERS**

The Job Market

reating new careers

Herald Cribune

THE WORLD'S DAILY NEWSPAPER

Compiled by Our Stuff From Disputcher "those who show no symptoms of any infectious diseases will be allowed to continue their case a quarantine intended to journey," Philippe Stroot of the World Health Organization cal equipment to Kikwit. said in Geneva.

Zaire Eases Quarantine in Ebola Outbreak

keep the deadly Ebola virus from spreading, but thousands But it was unclear how long it would take for all the travelers to be checked or whether authorities in the field even had the capacity to conduct them. So far, the incurable virus has killed 89 people out of 124 identified cases.

Hoping to keep the Ebola vi-So far, no Ebola cases have been diagnosed in Kinshasa, a city of 6 million people, alrus from spreading to Kinshasa. the capital, the government had though doctors have cautioned decreed a quarantine for Kikthat symptoms usually do not wit, the city where the virus surappear until 21 days after infecfaced two months ago, and its tion. In Kikwit, five new cases are appearing daily, said Dr. Jean-Jacques Muyemhe Tam-On Friday, government officials said the quarantine would

fum, a virus expert.

But medical experts say a wide-ranging quarantine is not only ineffective but also counterproductive.

Province will be allowed to "As soon as you start closing people in you give them a bloody good reason to run," Bob Swanepoel, a South Afri-can virologist, said in Kikwit. "We are following the advice of medical experts who confirm that a broader quarantine is unnecessary," said Lonyangela Bopenda Bo-Nkuma, the health "The more they run, the more they spread the disease."

People stranded at road-Mr. Muyembe urged authoriblocks will be examined and ties to begin a radio-television

campaign to explain how the virus is transmitted — through exposure to body fluids - and to send more doctors and medi-

In the past week, several thousand people trying to get to Kinshasa have arrived from towns in the quarantine region, about 160 kilometers east of Kinshasa. About 250 big trucks are lined up there, most of them carrying produce from the quarantine area.

from trucks. Officials fear an outbreak of disease.

The measures taken to keep people out had cut the flow of food into the city and led to fear of shortages and rising prices, making life hard for residents of

Kinshasa. In Kinshasa, after a night of beavy rain, shoppers stepped carefully among rickety wood-en food stalls through an ankledeep gray sludge of mud and rubbish.

Prices keep on going up and the zaire falls against the dollar, it makes life very difficult," said ter and were living off produce Annie Lebi, a shopper.

### More Nations Screening For the Ebola Virus

Compiled by Our Staff From Dispatches

ADDIS ABABA, Ethiopia -Ethiopia announced Friday that it would follow the lead of many other countries in screening airline passengers for the Ebola virus in Zaire, and the European Union said it was banning imports of bve mon-

British officials quarantined three Zairians, and South Ko-rea asked its nationals in Zaire and neighboring African countries to be ready to evacuate if the virus spread from the coun-

tryside to the cities. British health officials appealed for people traveling from Zaire to see a doctor immediately if they showed any symptoms of the lethal virus. It said the family of three Zairians taken to a hospital af-ter they showed flu-like symptom had shown no evidence of infection with Ebola. They are being held for observation.

The three — a mother and two children - complained about feeling ill while they were

DEATH NOTICE

Sheldon, A Davis

A memorial gathering will be held on 31 May, 11 am at The Industrial Society, 3 Carlton House Terrace. London SW1. RSVP Organisation Insight. +44 1734 880234

suburban Croydon.

A spokesman for the Public Health Laboratory Service said: "The fever they had has subsided overnight and they all

at a Home Office building in

have normal temperatures."

The Ethiopian Health Ministry said that a group of experts was at the Addis Ababa airport to carry out medical checks on passengers coming from Zaire. Travelers will be asked to produce a medical certificate, if necessary, the ministry told the ENA news agency.

The EU ban on monkeys will last until at least the end of July and may be extended, said Ger ry Kiety, a spokesman for the European Commission. Ger-many requested the ban, which was approved by the commission on the advice of a committee of veterinary experts from member nations.

Mr. Kiely said monkeys are imported mostly for research. The Ebola virus has long been associated with monkeys, which like bumans can be infected and die of it. In some cases humans are believed to have become in-

(AFP, AP, Reuters) own.

### A Borrowed Rare Bentley LONDON - A dream

2 Writers 'Lose'

assignment — to drive one of the world's most luxurious cars across Europe — ended in nightmare when the Bentley Azure was stolen from an Italian garage.

Two British motoring correspondents were lent the £215,000 (\$336,000) car to accompany the Mille Miglia car rally in Italy. Disaster struck in the

town of Brescia, where they parked the red Bentley in a locked underground garage and switched on an electronic alarm system that locks the gearbox. On Thursday they discovered the car gone.

Bentley executives react-

ed with aplomb. The car was insured, they said, and they lent the crestfallen journalists another Bentley. A spokesman for the British automaker said the rare car - only 118 are being produced this year might have been stolen to order. "This is not just joy-riders," he said. "It is like works of art being stolen."

### Russia Curbs Fire At Arctic Oil Spill

MOSCOW - Crews battling a fire at an oil spill in the Russian Arctic contained the blaze after it had spread over oearly 10 hectares, according to West-

The fire broke out Thursday afternoon north of Usinsk in the Komi region, where efforts are under way to clean up oil

fected through contact with Situations in Moscow said a fire monkeys or apes. set to burn off accumulated oil
Russia said Friday that it had flared out of control burt set to burn off accumulated oil would also examine Zairean cit- was contained early Friday by izens arriving in Moscow. But it local fire departments. An said the checks - taking pas- American-Australian venture, sengers' temperatures and mov- AEC/Hartec JV, hired to clean ing feverish patients to hospital up spills on 70 hectares (172 for further tests - would not acres) of tundra, said the fire apply to transit passeogers was unlikely to spread further and probably would die on its

ern cleanup experts at the site.

from a series of pipeline rup-tures last summer and fall. The Ministry for Emerger

TEL AVIV (Reuters) — The promise of Mid-die East peace has lured Inter-Continental back to the Holy Land, where it handed over its only hotel in territory under Israeli rule to the king of Jordan nearly 10 years ago.

The hotel was in Arab East Jerusalem, an area occupied and annexed by Israel in 1967 but claimed by Palestinians as the capital of a future state. The luxury botel chain wanted out of the political controversy. But now Inter-Continental plans to open a hotel in Tel Aviv by 1998, the first international hotel to be built in Israel's financial capital in more than a decade.

Inter-Continental is also considering hotels in Eilat and Jewish West Jerusalem. Hyatt is building in Tel Aviv, while Hilton has plans for the Dead Sea and Jerusalem. Tourism reached a record in 1994, when 2.17 million people visited Israel, up 12 percent from 1993, Tourism Ministry figures show.

### Interfaith Center in Cairo

CAIRO (AP) — Egypt's oldest synagogue, once a ruined relie of a dying community, has been restored as a center for Christian, Muslim and Jewish understanding.

Hotel Returns to Holy Land along the Nile, was opened recently to tourists and will soon inaugurate a library of Hebrew.

Located inside the ruined walls of a Roman fortress, the synagogue sits among medieval Christian shrines and near the Amr Mosque, which was built to celebrate the Muslim conquest of Egypt in 641. The restoration began in 1987 and involved an international team of archaeologists, architects, artisans and Egyptian

Swissair flights to Zagreb, Croatia, will resume Saturday, two weeks after they were suspended when Zagreb airport came under fire. Austrian Airlines also said it would resume flight to the Croatian capital (AP, AFP)

Striking workers from the Polish tractor maker Ursus blocked a main rail line out of Warsaw for several hours on Friday to back their demands for more pay and government help for their heavily indebted company. (Reuters)

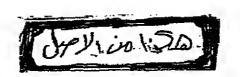
 $i(z_i) = i$ 

Airfares on domestic flights in China for foreigners will rise by an average of 20 percent-beginning July 1, an official said Friday. Fares for Chinese nationals on the same flights, already up to half as cheap as those for foreigners, wil., 1 remain unchanged.

The Philippines has bauned the consumption of and Jewish understanding.

The Ben Ezra Synagogue, on the site where died and dozens of others were hospitalized after tradition says Moses was found in bulrushes eating them, officials said Friday. (Remers)

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# Christopher Error on North Korea Stumps Washington

By R. Jeffrey Smith and Thomas W. Lippman Washington Post Service

WASHINGTON - Secretary of State Warren M. Christopher, master of lawyerly precision, created embarrassment at the State Department and confusion on Capitol Hill by misstating an important element of U.S. policy toward North Korea.

State Department officials said Mr. Christopher was incorrect when he told a Senate Appropriations subcom-mittee that U.S. fuel oil shipments to Pyongyang would not resume until a dispute over the source of nuclear reactors to be built in the North had been

There is no such linkage, department officials said. The administration is not linking the oil shipments to the reactor dispute, they said, but plans to defer them only until North Korea agrees to stop diverting the oil from its agreed purposes.

noon, as well as some finger-pointing at senior aides who were privately blamed for inadequately hriefing the secretary in advance.

The confusion arose at a particularly awkward moment: A deputy assistant secretary of state for East Asian and Pacific affairs. Thomas Hubbard. reactors inside North Korea.

U.S. officials were worried that Mr. nological prowess. Christopher's remark would be seen as an attempt to blackmail the North consider the oil diversion issue a com-Koreans, who have walked out of earlier talks with less provocation.

from implementation of the U.S. nu- generous.

nuclear weapons.

North Korea has halked at allowing South Korea to play a central role in arrived Friday in Kuala Lampur for that the arrangement would confer a talks with a North Korean delegation.

The meetings, set to start Saturday, are insisted on playing that role because it the reactor construction out of concern to address the dispute over South Ko- is contributing the bulk of the funds rea's offer to construct two nuclear for the project and wants North Koreans to become more aware of its tech-

Many State Department officials paratively minor matter, but Senate Republicans have sought to highlight The reactor dispute arises from ma- it as evidence that Pyongyang cannot neavering between the Koreas to deny he trusted to abide hy the terms of an each other any political advantage accord that they consider excessively

lion in exchange for dismantling some used by North Korea for "heating and with the oil shipments and the opening other reactors and associated nucleur electricity production. The idea was of a diplomatic liaison office in North facilities that Washington said were to compensate Pyongyang for some of Korea while the eccuntry was refusing devoted to producing an arsenal of the energy it supposedly lost by halting to conduct any substantive dialogue its existing nuclear program - an ar- with South Korea, as required by the rangement that stems from what U.S. nuclear accord. officials say is a fictional claim by North Kores that its nuclear program

> ary that a small portion of its first a promise that the diversion would not additional oil." recur, but Pyongvang denied that the

Mr. Christopher's statement at the panel hearing provoked anguish within the department. Thursday afternoon as well and the department of the department o

Mr. Christopher, whose aides later had a goal other than homb-huilding, said he had not been prepared for the Washington complained in Fehru- question, responded that "until we have completed the program" for proshipment of 50,000 tons of fuel oil had been diverted to an iron and steel factory. It demanded an explanation and sions of the oil nor will we furnish any

The statement was all the more emaccord had been violated. The next harrassing because it conflicted with shipment of oil is scheduled for July recent claims on Capitol Hill by State but will not occur unless satisfactory Department specialists on North Koarrangements to prevent diversion are rea that the shipments would proceed in place, the State Department said.

Mr. Christopher's statement came while he was being asked hy Senator reactor idle.

# **U.S.-Japan Dispute**

Security Umbrella Could Tear

By Michael Richardson International Herald Tribine

SINGAPORE - In previous trade disputes between the United States and Japan, Asia-Pacific countries fretted that economic tensions might strain the security ties hetween Washington and Tokyo that under-

This time, regional concerns

Yet senior American offi-cials, reflecting the frustration that the Clinton administration feels after fruitless rounds of trade talks with Tokyo, are

cam cars and auto parts. Michael McCurry, the White House press secretary, said that the security relationship with Japan had not yet been poisoned. But if bilateral economic problems were not resolved, he added, "they can have an im-

Ralph A. Cossa, a Honolulubased regional security expert "a concerted effort to keep eco-

He said that the greatest

The Asia-Pacific countries devastated by Japanese military occupation before 1945 view the alliance as insurance against Japan again hecoming an independent, and perhaps dominant, military power. Under the alliance, Japan al-

lows U.S. forces access to Japa-

### **NEWS ANALYSIS**

nese hases while its own torces patrol no farther than 1,000 nautical miles from the Japanese homeland.

Masashi Nishihara, professor of international relations at the National Defense Academy in Tokyo, said that what was new about the current trade dispute was that Japan had shown no sign that it was ready to seek a compromise.

Many other countries in East Asia support the Japanese stand, partly because they oppose American unilateralism and partly because they fear they may become the next targets of U.S. trade sanctions.

Most East Asian economies. led hy China, have large trade surpluses with the United States and maintain barriers to American goods and services, a source of hitter complaint in Washington.

Nonetheless, Mr. Nishihara said that he was "more or less optimistic" that Japan and the United States would be able to keep their trade dispute separate from their security relationship.

He said that because China's power was "becoming more formidable, it makes U.S. security relations with Japan more important" both for America and for regional stability.

In recent years, Japan and other Asia-Pacific countries have developed extensive trade and investment with China in the expectation that economic growth would moderate its military and political behavior.

However, apprehension about China's intentions to-ward Southeast Asia now dominates thinking in official circles in the Association of South-East Asian Nations, said Hilman Adil, director of the Center of Social and Cultural Studies at the Indonesian Institute of

Sciences in Jakarta. China's assertive policy in the South China Sea and its recent resumption of nuclear weapons testing show that it is intent on becoming "a major military power within the shorpublic support in both nations, test possible time," the Jakarta which is caused in large part by Post said in an editorial Wednesday.

# Worries the Asians

pin regional stability.

are more acute. Tokyo has shown no sign of budging in the face of threatened sanctions. while Washington is warning for the first time of consequences for the hilateral security alliance. In the background, China is looming larger as a possible military threat.

"China is the new strategic shadow hanging over this dis-pute," an Asian official said Friday, "We need to have both the U.S. and Japan as a counterweight to China."

pushing the stakes beyond eco-

nomics into security. The United States said Tuesday that punitive tariffs worth \$5.9 hillion on imported Japahese luxury cars would be imposed if Japan fails by June 28

to open its markets to Ameri-

Analysts say that following the end of the Cold War, it has become increasingly difficult

for the U.S. government to maintain public support for a Washington and New York Japan, especially with the United States running a buge trade deficit with Japan and U.S. products largely being excluded from the Japanese market.

with the Center for Strategic and International Studies, said that while both sides had made nomic frictions from impacting on the security relationship. economics and security are becoming increasingly intertwined

threat to the U.S.-Japan security alliance today is "eroding which is caused in large part by continuing economic frictioos."



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### POLITICAL NOTES

### A Pentagon Salute Goes Awry WASHINGTON — Of the 17 miles of corridors in the

Pentagon, the most hallowed hallways commemorate famous battles and famous generals like Eisenhower and MacArthur. Now, without fanfare and to the displeasure of some career officers, the Defense Department has installed a new exhibition honoring "Our Commander in Chief," Bill Clinton.

A long third-floor corridor features 27 framed color photographs of Mr. Clinton, including shots of him meeting soldiers in Kuwait, eating with sailors on an aircraft carrier, playing his saxophone in an air force band and jogging with

Some officers consider the exhibition a public relations effort by political appointees at the Pentagon to bolster Mr. Clinton's image with troops who distrust the president's Vietnam draft record and his policy on homosexuals in the armed forces.

"When I saw it, I just shook my head and said to myself, 'Someone is really trying to kiss up to the White House.' " said an army officer. "It's a Bill Clinton love fest with the mili-

tary."

The White House says it had nothing to do with the exhibition, and in fact a junior aide to Defense Secretary William J. Perry takes credit for the display, which cost \$7,889. The Perry aide, a 43-year-old former Clinton cam-

paign worker, says there is nothing political going on.
"In the Old Executive Office Building and the West Wing
of the White House, they have a lot of blow-up photos of the president," said the aide, Charles Duncan, a Pentagon liaison with the White House. "So I thought with all the people in this building, it'd be a good idea to display the commander in

### A Promise to End-Run Clinton

WASHINGTON - The Republican national chairman. Haley Barbour, has reluctantly concluded that Reoublicans will have to "go it alone" in cutting projected spending on Medicare because President Bill Clinton and congressional Democrats has refused to join the effort. But Mr. Barbour said Republicans could reap solitical dividends because they would receive most of the credit for saving Medicare from

His comments were the first indication that Republicans were contemplating unilateral action to redesign Medicare and slow the growth of the health program, which serves 37 million elderly or disabled people.

"At this stage of the game it looks like the Republicans will have to go it alone," Mr. Barbour said. "As you know, we have asked repeatedly, publicly and privately, that the administra-

tion join in a bipartisan effort to save Medicare." Panel Is Impatient With Packwood

WASHINGTON — The Senate ethics committee, frustrated over the 30 months its investigation of Senator Bob Packwood has taken, intends to give him a firm deadline to

respond to its charges against him, committee aides said.

The committee is likely to give Mr. Packwood, Republican of Oregon, about a month to answer. It is expected to set the deadline before it presents him with a summary of the evidence against him Monday.

Mr. Packwood, accused by the committee of sexual misconduct, evidence tampering and asking lobbyists to cut the cost of his divorce by finding a joh for his wife, can ask to appear before the committee, and he can ask for hearings on the

*Quote / Unquote* 

The administrator of the National Aeronautics and Space Administration, Daniel S. Goldin, on congressional cuts in NASA's hudget: "I want to tell you I have had it. That cut is 20,000 johs. Well, maybe they ought to cancel the space program. Then we could all sit in the bleachers and watch the rest of the world go by."

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Herald Eribune

### KNEE DEEP - A Missouri man stretching to winch a car from floodwaters near the Blue River in Kansas City. **Away From Politics** The navy secretary will consider grant-ing an honorable discharge to a helicopdied after contracting cancer from a cel-• The first person convicted in the United States for possessing a biological lular phone. ter pilot who says his beliefs as an Epis-• FBI agents searched the Philadelphia

copalian would not allow him to lead women into combat. Lieutenant Commander Kenneth A. Carkhuff, who is based at Mayport Naval Station in Florida, said that the Bible teaches "that we should not subject women to violence."

 A lederal judge in Tampa, Florida, has thrown out the first lawsuit that claimed that cellular phones cause brain cancer, 1993, saying that his wife, Susan, had orders.

home of a fund-raising executive, John G. Bennett Jr., after the Securities and Exchange Commission filed a lawsuit alleging that he had diverted \$4.2 million from the Foundation of New Era Philanthropy to his own businesses.

 A Los Angeles couple who built a fortune after founding a mail-order business left \$7.8 million to Harvard Medical School to study Alzheimer's and other saying there was no credible evidence of diseases. The bequeathal establishes the such a link. David Reynard filed the suit. Edward R. and Anne G. Leller Center against a manufacturer and a carrier in for the Study of Neurodegenerative Dis-

weapon has been sentenced to 33 months in prison. Douglas Baker, 33, was sentenced in St. Paul, Minnesota, for possessing 0.7 grams of ricin, enough of the untraceable poison to kill more than 100

• Jurors in the O. J. Simpson murder case, sequestered since January, have asked Judge Lance Ito to schedule Saturday trial sessions and extend the half-day sions on Fridays to full days. (AP)

• A tornado killed three people in Ethridge, Tennessee, a mainly Amish town, damaging scores of homes and buildings. Twenty-nine people were injured. (AP)

# Washington Sees New York's Finest at Their Worst

6 feet tall, so most people can't readily tell I'm so young," he said.
"But I have to say that once they

learned about it through the grapevine,

they tended to be very friendly and open-

Dr. Ambati, who lives in the New

York borough of Queens, will soon begin four years as an intern. He plans to

specialize in ophthalmology. He says his next goal is the Nobel prize.

What is it like to drive an electric car? William J. Cook of U.S. News & World

Report magazine tried a Ford Ecostar,

an electric-powered experimental model,

for 10 days. He reports, "Acceleration is surprisingly brisk, utterly smooth and so

quiet you feel you're being pushed by a ghost." And "at 70 miles an hour, the Ecostar's top speed, all you hear is wind and tire noise." A big gauge on the dashboard constantly displays "miles to re-

charge." And recharging for the maximum 100 miles (160 kilometers) —

plugging and unplugging the car with house current — takes 50 seconds per

day, compared to 2 minutes, 45 seconds

to gas up a regular car for 300 miles.

minded about it."

Short Takes

WASHINGTON - Dozens of New York City police offi-cers visiting Washington for a service honoring fallen com-rades went on a drunken rampage in at least five downtown hotels, setting off fire alarms, vandalizing cars and firing automatic weapons into the air, according to officials and law enforcement officers.

**AMERICAN** 

**TOPICS** 

A Doctor at 17, He Next Hopes

Balamurali Ambati graduated last week from the Mount Sinai School of Medicine in New York at the age of 17.

"He certainly is among the youngest ever graduated from a U.S. medical

school," said Patty Shea of the Associa-tion of American Medical Colleges. She

could not say if he was the youngest.
Dr. Ambati, a native of Vellore, India,

moved to Buffalo, New York, with his family when he was 3. His father is an

industrial engineer and his mother is a math teacher. He was doing calculus at 4. At 11, he graduated from high school and co-authored a research book on

AIDS with his older brother Jaya, who is

now 24 and also a doctor. At 13, he graduated from New York University.

He plays chess, basketball and Ping-Pong and is just learning to drive. "I was

never called a nerd or geek or anything like that," he said. Patients he has seen so

far also don't seem to mind his age.
"Part of the reason, I think, is that I'm

To Be a Nobel Prize Winner

"They were drunk out of on - juvenile stuff, like what tell," Emily Vetter, president of the hotel were not impressed." the Hotel Association of Washington, said of the incident last missioner, William Bratton,

to stop and put their shirts back them."

The Washington police comsaid the officers involved were "They were spraying fire ex- "morons," who did "things that tinguishers, yelling, singing, you would not normally asso-screaming and taking their ciate with professionals." If it clothes off, until they were told were up to him, he said, "I'd fire

District of Columbia police their minds and stayed drunk happens when we have 14-year- were called, but they made no pact on some other aspects of for three days, from what I can olds," she said. "Other guests in arrests. Irate hotel guests and cooperation."

arrests. Irate hotel guests and cooperation." officials criticized the District

police, too, saying they had been too lenient with their fellow officers. The internal affairs divisions of both the City police departments are investigating.

Superior Court Judge reversed a lower court ruling barring the trip. The Haus der Kunst will show the works from mid-June to mid-October, paying the foundation \$2.25 million. For eight years, Larry Wood, 37, and Rafael Sencion, 39, shared an office as tenant advocates, helping poor people get repairs and avoid eviction. When New York City cut their funding, Mr. Sencion, a bachelor, asked to be laid off the \$33,000 job in place of his friend, a married father of two, although he had more seniority. "There's no way to repay him," Mr. Wood said. "He's a true

children to support I have just me." Surfer magazine is indignant over a CNN description of Brian (Kato) Kaelin, a star witness in the O. J. Simpson murder trial, as "the quintessential aging surfer." The magazine said: "Just because a guy has bleached hair, winter tan. speaks slowly and is pleasant to the point of being vacuous, does that mean he's a surfer? Of course not." In fact, Mr. Kaelin, the magazine noted after checking with his press agent, is from Milwaukee and "despite his look he has never set foot on a surfboard."

friend." Mr. Sencion, who is living on his severance pay, said: "It is only good sense. Larry had himself, a wife and two

The Barnes Foundation's exhibit of French art is headed to Munich after all. A three-judge panel of the Pennsylvania

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# Rio Opens War on Drug Gangs After Shoot-Out in Posh Area

New York Times Service RIO DE JANEIRO - Opening a counteroffensive against drug traffickers, the state government has appointed an army veteran to lead Rio de Janeiro's war on crime. Nilson Cerqueira, a 64-year-

old retired general, is to become

the ciry-state's public security

secretary. "Rio de Janeiro State is locked in a struggle to the death against organized crime," Mar-cello Alencar, the state's new governor, said recently.

The city is accustomed to violence in its poorer areas. The new outcry was prompted by the siege of a normally tranquil neighborhood. Rival cocaine gangs blasted

away at each other for three days, making a battlefield of Santa Teresa, a neighborhood of cobblestone streets and turnof-the-century mansions.

The fighting killed more than a dozen people, including a 6year-old girl and other bystanders, as well as several gang

# Yet Another Prosecutor

prosecutor has become something of a trend in the Clinton administration, a very odd perk of office. Former Agriculture Secretary Mike Espy has one. Attorney General Janet Reno has recommended that Housing and Urhan Development Secretary Henry Cisneros have one, too. and he is waiting for his to be named. Then, of course, there is the matter of President and Mrs. Clinton's own interest in independent counsel Kenneth Starr's expanding Whitewater affair, which has already claimed casualties among their associates. Now Secretary of Commerce Ron Brown has joined the club.

Last February Ms. Reno announced a Justice Department preliminary review to determine whether Mr. Brown's personal financial interests should be probed by an independent prosecutor. The commerce secretary scoffed at the idea. He expressed confidence that a preliminary investiga-tion launched under the independent counsel statute would show no indication of improper activity on his part. That prediction, it turns out, was wrong.

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This week, after completion of a preliminary investigation of allegations of wrongdoing on Mr. Brown's part, the attorney general asked a U.S. Court of Appeals panel to appoint an independent

Having your own personal independent counsel to delve deeper into his business dealings. Specifically, the Justice Department wants to know why and how the commerce secretary made nearly \$500,000. from a company he owned with Washington business executive Nolanda Hill, although be invested no money in the venture and it made no profit. Apparently Ms. Hill and other witnesses refused to cooperate fully with Justice Department lawyers probing that question. According to Ms. Reno, the Justice Department has allegations "that there may have been some linkage between the payments to Secretary Brown and his official position" — a charge that Mr. Brown denies.

Justice also wants an independent counsel to investigate whether Mr. Brown violated federal laws by filing inaccurate financial disclosure reports and erroneous information on his mortgage application. Again, Mr. Brown, a first-class cabinet secretary, maintains that he has "complied in good faith" with his financial disclosure ohligations. He also says he has avoided conflicts of interest, has never used his office for personal gain and is "absolutely confident" that he will be fully absolved of any wrongdoing. And again, he has said much the same before. Is he going to prove any better at forecasting this time around? -THE WASHINGTON POST.

### A Pattern of Duplicity

America's relations with Guatemala are a chilling study in cynicism. Beginning with a 1954 coup engineered by the CIA, Cold War security concerns dictated nearly every aspect of the relationship with this impoverished country. Abuses by Guatemalan military and security services went unchecked, and Americans who wandered into the way were killed or tortured with barely a protest from Washington,

The latest case to come to light seems to fit the pattern. As The New York Times has reported, Peter Tiscione, an archaeologist, was found dead in his hotel room in Guatemala in 1992 shortly after calling his wife in New York to tell her he feared for his life. The U.S. Embassy quickly accepted the Guatemalan government's glib ex-planation that be had stabbed himself in the neck four times with a machete.

Mr. Tiscione is hardly the first American to die in mysterious circumstances in Guatemala, or the first to be callously neglected by the State Department, In mericans were killed in a plane "- official explanations — first turned --- turned ... Teveral witnesses said they colliers shoot down the plane.

Fran Wolfe, a Peace Corps volunteer,

was murdered in 1984. Diana Ortiz. an Ursuline sister, was abducted, taken to a clandestine prison, tortured and gang-raped by members of the military. Nick Blake, a journalist, was executed by members of the Guatemalan Civil Patrol in 1985. Michael DeVine was beheaded near his home near the village of Poptun in 1990. Efrain Bamaca Velàsquez, a Guatemalan guerrilla married to an American. Jennifer Harbury, was captured, tortured and killed by the military under the command of a paid CLA informer.

All these cases have in common a wellfounded suspicion of military wrongdoing and a timid State Department response. Representative Robert Torricelli, wbo made public the CIA's involvement in the murder of Ms. Harbury's husband, has documented 20 cases of Americans who were killed or subjected to human rights abuses in Guatemala.

Americans deserve a truthful accounting of the events of the past 40 years in Guatemala, Guatemalans deserve no less. Americans also deserve a diplomatic service that looks after their interests and refuses to tolerate the complicity of foreign governments in their mistreatment.

- THE NEW YORK TIMES.

### Charitable Foolishness

other nonprofit organizations and donors, investments, and quite another to be including some whose names are well- scammed into the tempting belief that you known (museums, colleges, church groups, even the University of Pennsylvania), have put their money into a mysterious selfdescribed "philanthropy" that promised to double the funds in six months, only to lose large amounts this week when the "philanthropy" filed for bankruptcy? What were they thinking of?

"We're not naive dupes, I don't think." one major donor and former U.S. deputy secretary of state told reporter Steve Stecklow in Monday's Wall Street Journal (which broke the story), explaining bow the investment scheme had come highly recommended by people of known sub-stance and integrity. By Tuesday, the socalled Foundation for New Era Philanthropy had filed for bankruptcy protection, and us founder, John G. Bennett Jr., bad admitted to "tearful" employees that the group of anonymous donors he had said were matching the money did not, in fact, exist. The burned investors were in varied states of shock and amazement, contemplating losses that may to-

tal as much as \$500 million. Much remains to be puzzled out about New Era, which grew quickly for several years before the Securities and Exchange Commission began investigating it. More puzzling still is the image of solid citizens in the nation's supposedly robust charita-ble sector, just when that sector is being called upon to take up hurdens previously borne by government, apparently gamhling away the money they did have on the classic too-good-to-be-true offer.

Bad enough that university and nonprofit finances lately bave been increasingly strained, their fund-raising pressures urgent; the need to maximize income from portfolios and endowments has led an increasing number of the sector's once conservative money managers to recommend the kinds of derivatives and other high-risk investments that had such an unhappy effect on Orange County, California. But it's one thing to maximize your

Why would close to 300 charities and return by knowingly entering into risky can double your money without risking it.

As described in news accounts, New Era offered a short-term matching program in which a group of anonymous donors their identities, it was said, known only to Mr. Bennett - undertook to match any funds put up by deserving institutions for six months or, alternatively, to double any contributions to those institutions made by large-scale individual donors. As with the so-called Ponzi, or pyramid scheme, institutions initially received the promised double payoffs right on schedule and thus gained confidence to invest more - and

recommend that others join in the offer. Even the University of Pennsylvania. which had put up \$600,000 with qualms and caution, was motivated by the money's successful return to put up more money, now apparently lost. Penn will not say exactly how much, but at least, unlike some smaller groups, it did not bet the

operating budget.
For financial officers who did, the outlook is grim — surely no grimmer than they deserve after such foolishness, but a good deal grimmer than is fair for the folks they sought to serve.

-THE WASHINGTON POST.

### Other Comment

### Give Kashmiris Autonomy

At present, Kashmir has less self-government than any other Indian state. But depriving Kashmiris of political power has not obviously benefited the rest of the country; it has tied down bundreds of thousands of soldiers, turned many Kashmiris into potential traitors and damaged India's reputation for political decency. If India is to regain Kashmiris' loyalty and the rest of the world's respect, it needs to give the state the autonomy that Jawaharlal Nehru long ago promised.

- The Economist (London).



International Herald Tribune KATHARINE GRAHAM, ARTHUR OCHS SULZBERGER

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# NATO Support for the UN Protection Force in Bosnia

WASHINGTON - The conflict in Bosnia is approaching a new crisis. Brutal as the situation has been, it could get much worse: worse for the people of Bosnia, worse for the United Nations and worse for President Bill Clinton.

The crisis looms because the position of the UN Protection Force in Bosnia has become untenable. In the last two weeks the Bosnian Serbs bave made heavy artillery attacks on the capital, Sarajevo.

Abandoning Sarajevo, a city of tolerance in a region of hatreds, would be a terrible symbol — a defeat for all that the West claims to stand for.

and other supposed "safe areas." They have closed the Sarajevo airport. And about all this the United Nations has

done precisely nothing.
On May 7, after a Serbian mortar attack killed 11 people in Sarajevo, the UN military commander in Bosnia, Lieutenant General Rupert Smith of Britain, asked for a NATO air strike on Serbian positions. His request was vetoed by the By Anthony Lewis

United Nations' civilian representative, Yasushi Akashi. The failure to respond to renewed Serbian aggression has cost the UN force about the last of its credibility - its leverage - with the Serbs. And soldiers in the largest UN contingent, the French, have themselves suffered casualties in the fighting.

Now France is threatening to pull its troops out. If they go, the United Na-tions would almost certainly have to withdraw the UN force altogether. If that happens, even those of us who have been skeptical of the UN force, with its supine attitude toward the aggressors, have to recognize that things are likely to get much worse.

The Bosnian Serbs would probably

launch an all-out attack on Sarajevo, to capture it or level the city. Their leader, the suspected war criminal Radovan Karadzic, has said he will make Sarajevo the capital of his Serbian republic.

The Bosnian government enclaves in the east, which exist only because of UN protection, would quickly fall to the Serbs. More genocidal atrocities can be expected to follow.

The withdrawal of the UN force would itself be a painful, bloody operation. Mil-

itary forces on one side or the other would attack the departing blue helmets and try to seize their weapons. Women and children in the eastern enclaves might lie down in front of UN vehicles to keep them from moving out.

That is where President Clinton has to have profound concerns. The United States has no forces in Bosnia, but it has promised to send up to 20,000 soldiers to help in any UN force withdrawal. And Washington has told allies that it is sticking to that commitment. Therein lies the potential for a military, moral and politi-cal trauma for Mr. Clinton.

The U.S. military has a plan ready for intervention in Bosnia to help a UN withdrawal. It is called Opspian 4104, and it is big. The estimated cost is \$1 billion; trouble — inevitable trouble, I think - could make it more. And there

would be American casualties.

America would be spending the money and lives to bring about what informed officials in Washington — and London and Paris — agree would be a disastrous outcome. No one pretends that anything would follow a UN withdrawal but accel-

erated inhumanity.

The alternative to withdrawal is to make the UN mission viable. The French government and the UN secretary-general, Boutros Boutros Ghali, have talked

about various ways to do that by changing the mandate and the disposition of forces. But in the end there is only one way to viability: Be willing to call in NATO bombers against the aggressors. General John Shalikashvili, chairman

of the Joint Chiefs, makes the point in an interview to be published this Sunday in The New York Times Magazine: "Whenever we have been resolute [m Bosnia] ---NATO particularly --- we have been able to have our way. Whenever that was so, the Serbs read it very correctly and acted accordingly. And I am frustrated that we are often prevented from doing it, and lately more so than not."

Abandoning Sarajevo, a city of tolerance in a region of hatreds, would be a terrible symbol —a defeat for all that the West claims to stand for. It is hard to believe that Jacques Chirac would want his French presidency to begin with a declaration that Sarajevo is expendable.

But it is President Clinton who more than anyone can rally the West to avert this disaster. He wants to avoid entanglement in Bosnia, but that is just what he will get if he does not act now to stiffen the UN force and avoid a bloody withdrawal involving American troops. Humiliating retreats are not good political news for American presidents.

The New York Times.

# No, the Only Solution Is a Compromise With the Bosnian Serbs

WASHINGTON - With the war in the former Yugoslavia entering its fourth year, current international policy to re-solve it is at a dead end. An alternative is needed.

Obsessed with the past, Muslims. Serbs and Croats repeatedly use yesterday's crimes as justification for today's violence. This ensures that the war will continue indefinitely.

Unwittingly, the international community has prolonged the war. The United Nations provides crucial humanitarian aid and prevents starvation, but it also provides protection that enables the Muslims and Serbs to continue fighting. The United States and Europe must force the warring leaders to face reality. Bosnia cannot be restored to the prewar status quo.

Speaking for ourselves and not for the Pentagon, we think By Joel Shapiro and Gordon R. Thompson

that while refusing to reward Serbian aggression, the United States also gives the Bosnian government a sense that it supports a continuation of its battle.

The world community needs to move away from the failed plan of the five-nation "contact group" and its proposals for en-

larging Muslim territory.
The Bosnian Serbs sull have the overwhelming advantage in beavy weapons. They want to cut a deal that recognizes their victories but believe they must fight to keep what they have conquered. The Bosnian Muslims believe they are strong enough to retake territory. Each side overestimates its capabilities. And renewed fighting is sure to prolong the stalemate.

The United States must persnade the Bosnian government

to accept the current confrontation lines as its new borders. This would involve such incentives as giving that government complete control of Sarajevo including the hills from which the Serbs shell the city and its surport — and connecting it to the territory of the Muslim-Croat federation.

Since the Bosnian Croats already control the territory they want, they probably would agree to any reasonable settlement. To ensure Serbian agreement,

the Serbs might get the eastern Bosnian safe-haven enclaves of Zepa, Srebrenica and Gorazde. The United States and its alhes would have to guarantee the new borders and the survival of the Muslim-Croatian federation.

would have to protect this state. NATO protection would have to be coupled with financial and other reconstruction aid to make the Bosnian state viable. Without

ers," whom all the warring fac-

tions treat with contempt -

aid the federation would surely collapse, with violence to follow. As for the federation, the West must facilitate development of a multiparty and multiethnic society that includes Serbs and other minorities within its borders. The West would

also have to press Croatia to succor the federation. Bosnian Serbs would surely agree to this plan, if they could keep most of the land they have seized and if international sanc-

tions were dropped. The international community should allow the Bosman Serbs to confederate with Serbia, just

as it supports the confederation

between the Muslim-Croatian federation and Croatia However, the Bosnian Serbs Mexamele

W Est a

should not receive aid unless they show willingness to compromise on key issues. And even though it could complicate a settlement with the Bosnian Serbs. war crimes investigations and trials should continue unabated. Would this shift in policy be just? No. The Serbian aggressors

would keep most of their spoils. The requirement to resettle Muslims from the eastern enclaves would amount to internationally assisted ethnic cleansing. This would be the price of peace and regional stability. The alternative is ever more violence and revenge.

The writers are foreign affairs analysts on the Army staff in the Pentagon. They contributed this comment to The New York Times.

## The War to Cure Cancer Isn't Being Won, So Emphasize Prevention

After a treaty was signed, NATO

troops - not UN "peacekeep-

PARIS - Cancer treatment is the most important failure of modern medicine.

Since 1981 in the United States the overall incidence of cancer has increased by 18 percent, and mortality by 7 percent. This gloomy trend is international. In most Western countries,

age-adjusted mortality rates

have increased for brain and kidney cancers. The same goes for mycloma, non-Hodgkin's lymphoma and melanoma. Today pancreatic gallbladder carcinoma and glioblastoma are

lethal diseases. Survival from esophageal cancer does not exceed 10 percent, from lung cancer 15 percent. Progress has been real, but lim-

ited mostly to malignancies arising during childhood and early

For most common tumors. survival rates have increased

WASHINGTON — A massive assault on the tradi-

tional way of making foreign policy is under way, with scarce-

ly any public awareness or de-

bate on the implications for the

American position in the world.

the sweeping consolidation of international affairs agencies

being imposed in a raw power

play by the new Republican chairman of the Senate Foreign

Relations Committee, Jesse

Helms. The other is made up of

the huge seven-year budget cuts

now being served up in the Re-

The congressional Republi-cans have the hit in their teeth,

and they are using it to enforce a

design that shifts the balance of

power between the branches

radically to the side of Congress

-a shift that a subsequent Re-

publican president may yet come

to regret. The majority party is

blithely making changes without

even a cursory examination of

Some part of this transforma-

tion would have, and should

bave, taken place anyway. The

ending of the Cold War dictated

a broad review of how the Unit-

ed States prepares itself organi-

zationally and financially to

Chairman Helms, however.

did not pause to contribute to,

or wait for, such a broad review.

Nor did he pay any particular attention to the House Republi-

cans' "Contract With America."

He simply put the pedal to the

metal on the usually eye-glazing subject of government organiza-

tion, and the budget people

The result is that by the twin

instruments of the structure of

the bureaucracy and the shape

soon leaped in on their issue.

conduct international affairs.

the possible consequences.

publican-controlled Congress.

One prong of the assault is

By Laurent H. Schwartz

slightly, but incidence has in many cases soared. The death rate for breast cancer has been about stable. Earlier diagnosis and better treatment have been counterbalanced by an increasing number of newly diagnosed breast tumors. Today a European or American woman has a

1-in-11 chance of developing breast cancer during her life. Surgery remains the key to survival, but less than 5 percent of pancreatic cancers and 30 percent of lung carcinomas are op-

erable for cure. Radiation is the second most important therapeutie tool. Side effects have almost disappeared thanks to a better understanding of normal tissue tolerance and the availability of more powerful lin-

ear accelerators. Great bopes were placed in the

Helms Is Grabbing for Foreign Policy

of the budget, items that much

of the foreign policy crowd cus-

tomarily leaves to a few special-

ists, the Republican Congress is

putting itself in a position to

exercise great and continuing

In failing to get ready politi-

cally for this double whammy, the Clinton administration made

an awful tactical error. Had a

political change of this magni-

tude been made in an important

foreign country without the

United States tracking it closely

all the way. Congress would be grilling the State Department

and demanding to know why it had dropped the ball.

State Warren Christopher start-

ed to think last year of how to

roll with the evident interna-

tional change and the expected

electoral change. He suggested

as one way to get ahead of the

curve a look at consolidation of

the foreign aid, arms control

and information agencies with

advocated such a consolidation. Nor did Vice President Al Gore,

head of "reinventing govern-ment." But Christopher aides

started aggressively running with

the consolidation option, and the

secretary was slow to rein them

in. This is what let Mr. Helms

claim that Mr. Christopher la-

vored this course - a false but

devastating claim that the secre-

tary's repeated denials have been

Fearing for their lives, the

agencies about to be swallowed

started defending themselves on

the street, insisting, with much

menit, that they were already on

a self-directed road to redefin-

ing and restructuring themselves

unable to overcome.

for the new day.

Apparently, be never actually

the State Department.

The way I get it, Secretary of

By Stephen S. Rosenfeld

influence

discovery of anti-cancer drugs. The last major discovery, cisplatin, dates back 30 years; it has markedly improved the cure rate for testis cancer, the most common neoplasm among young men.

Since then, analogues that are less toxic but no more effective have been marketed. Taxol, sold by Bristol-Myers Squibb, is of real but limited value. Whether it can improve long-term survival is still an open question.

The economy confirms the failure of treatment. Cancer strikes one of every two Americans in his or her lifetime, and is the secondleading cause of death, yet anticancer agents account for less than 2 percent of all revenue of the pharmaceutical industry.

Immunotherapy is of no provon value, except perhaps in a small subset of patients with

The arms control agency, for

one, is using the recent exten-sion of the Nuclear Nonprolif-

eration Treaty as Exhibit A of

But Mr. Helms has deflected

The consolidation of agencies

these appeals, depicting them

simply as self-serving attempts

now being prepared reflects Mr.

Helms's notions of both the

means and ends of policy. The administration and its congres-

sional supporters have bad

only a modest input. An effort

by the Democrat Paul Sarbanes

to cushion the huge coming im-

pact on the Agency for Interna-tional Development fell short

this week on a party-line vote.

are being taken out of the inter-

national affairs budget. The

State Department, for instance,

stands to lose another 100 posts

in what could be a 40 percent

real reduction over the next sev-

en years. Foreign aid and infor-

mation are to be gravely impaired as tools of American

diplomacy.
What this is about goes far

beyond boxes on a chart and

numbers on a page. It goes to

the political and hureaucratic

resources that the United States

will have available to run a for-

eign policy, and to the kind and

degree of control that a presi-

dem will be able to exercise

til the sun goes down, and con-

duct learned seminars on

where the United States should

position itself on the spectrum

of engagement and disengage-

ment. But all that is so much

chatter if the president does

not bave on hand the means to

perform his or ber constitu-

The Washington Post.

tional policy-setting role.

You can debate "policy" un-

over this realm.

Meanwhile, immense whacks

to preserve bureaucratic turf.

its relevance and vitality.

or melanoma.

Gene therapy is likely to follow the same path. Biology tells us both the diversity of tumor cells in one neoplasm and the multitude of genes involved in cancer. It appears unlikely that one or a few genes transfected into a few cancer cells will be able to reverse the malignant phenotype.

Major advances in the understanding of cancer have been made. Oncogenes are not specific of cancer; they simply make cell division possible. They are frequently expressed in normal dividing cells. There is no protein synthesized by a tumor that a

normal cell cannot make. This lack of specificity is one of the reasons of the failure of the "magic ballet."

We have underestimated the enemy. Cancer cells are both malignant and malicious.

They are clever. Use of chemotherapeutic drugs in the treatment of hematologic malignancies and solid tumors has been plagued by the emergence of resistant cells, either at initial presentation or at the time of relapse.

Some of the mechanisms underlying this clinical phenomenon have been studied using in vitro models, which has led to the characterization of genes capable of conferring resistance to chemotherapeutic drugs. Efforts to circumvent drug resistance have so far failed in most common solid tumors.

Acquired resistance to treatment is not limited to chemotherapy but affects hormonother-

apy and even immunotherapy.

Faced with an enemy of this power and complexity, we must partially retreat. The focus of research should switch to prevention and early diagnosis.

Key questions have to be answered first. For instance, tar is

responsible for most lung cancer. The amount of tar per cigarette was 35 milligrams 20 years ago:

metastatic cancer of the kidney today it is less than 15 milligrams. The effect of such a large reduction is unknown. It is also unknown whether light cigareties (less than 5 milligrams) are less dangerous. The impact of these questions on public health can

be enormous. Cancer rates vary by factors as high as 30 among countries, and fivefold within and between in-

dustrialized countries. The fight against smoking and drinking should be amplified.

Trials should assess the value of high-fiber diet; confirm (or refute) the value of tamoxifen in breast cancer prevention; assess the role of vaccinating against Epstein-Barr virus or hepatitis B in the fight against nasopharyngeal carcinoma and hepatoma.

The major breakthrough is likely to come first from imaging. The real progress of modern oncology has not been better treatment but earlier diagnosis.

It is the Pap smear that has saved most women from cervical carcinomas. It is mostly the mammograph that has checked the rise of breast cancer mortality. But today imaging is limited to one cubic centimeter. This represents more than a billion tumor cells.

Earlier diagnosis should lead to better cure rates before major progress in preventing cancer.

The writer, a physician and molecular biologist, is a senior staff member in the Department of Radiation Therapy at Tenon Hospital in Paris. He contributed this comment to the International Herald Tribune.

Letters intended for publication should be addressed "Levers to the snouta be addressed "Levers to the Editor" and contain the writer's signature, name and full address. Letters should be bird and are subject to editing. We cannot be responsible for the return of unsolicited manuscripts.

### IN OUR PAGES: 100, 75 AND 50 YEARS AGO

### 1895: British Challenge

NEW YORK --- A despatch purporting to emanate from Mana-gua was published in New York this morning [May 20] in which it was stated that Rear-Admiral Stephenson and several of his chief officers openly declared, both before and after their occupation of Corinto, that their real object over and above carrying out their instructions respecting the collection of the indemnity from Nicaragua was to practically and definitely test what is known as the Monroe doctrine and in that way to dispose of it Once for all.

### 1920: German Censors

BERLIN - The German Ministry of Finance is not only opening ontbound foreign mail, but has several hundred censors opening domestic mail, looking for evi-

dence of violation of the tax laws. Most of these censors are officer; taken over from war-time censor ship and trained in the search of letters for political and not linan-cial information. The "Morgan" post" brings out also the discovery that there is a telephone censorship in Berlin exactly as it was during the war and exercised by the identical officers.

### 1945: Tito Accused ROME - Field Marshal Sir Har-

old Alexander, Supreme Allied Commander in the Mediterranean, charged Marshal Tito todal.
[May 19] with the apparent into tion to establish claims in nonly castern Italy and southern Australian and the castern Italy and southern Australian and Italy and Southern Italy and Sou by force of arms which are "all for reminiscent of Hitler, Musician" and Japan." The Allied command er disclosed that efforts to "com to a friendly agreement" with the Yugoslav leader have failed.

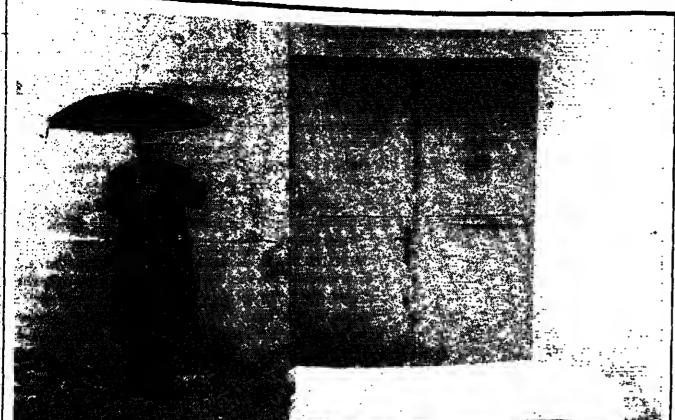
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BURIAL TIME — A Muslim eleric, waiting to conduct a funeral on Friday at Sarajevo's military cemetery, checked his watch beside the body of a Bosnian Army soldier, a victim of the increased fighting in the Bosnian capital.

# Alexander Godunov, Dancer, Is Dead at 45

New York Times Service

n Bosnia

Prevente

i di

12.54

NEW YORK - Alexander Godunov, 45, the swashbuckling Russian ballet dancer and movie actor, was found dead Thursday at his home in West Hollywood, Cali-

The police said that paramedics called to Mr. Godmov's home found him dead and that his death was described by his physician as of natural causes.

Tall and dramatic, with long blond hair that blew behind him dirring his soaring jumps and whiplash turns, Mr. Godunov was an instant star wherever he danced. He was not a virtuosic dancer, although he was capable of stunning tricks.

He joined Moscow's Bolshoi Ballet in 1971, as its youngest principal dancer. The legendary prima ballerina Maya Plisetskaya chose him to be her partner soon after. In August 1979, Mr. Godunov defected in New York while on tour with the Bolshoi. This was front-page news around the world and became even bigger news a few days later when Lyndmia Vlasova, the Bolshoi dancer to whom he was married, after an airport standoff of many hours

vious measures that promised a was never as strong as policy-

balanced budget.

Even so, for those who be cause the savings and loan balanced budget.

next five years and required deficit callings were set, and the automatic cuts in government date for budget balance was put programs across the board—a off until 1993.

was she able to convince U.S. authorities that she was not returning under duress.

A few months after his defection, Mr. Godunov joined American Ballet Theater. He performed with it until 1982. He was then the companion of the actress Jacqueline Bisset, and be embarked on his own film career after a short tour with an ensemble called Godunov & Stars.

Mr. Godmov's first movie role was in Witness," with Harrison Ford and Kelly McGillis, in 1985. In a review in The New York Times, Vincent Canby described Mr. Godunov, who played an Amish farmer, as the film's "most riveting presence." But he failed to have a similar impact in

his other movies, among them "Die Hard." Elizabeth Montgomery, 57, Actress

Who Starred in 'Bewitched' Sitcom NEW YORK (NYT) — Elizabeth Montgomery, 57, the pert actress who enchanted television audiences as the star of the long-running comedy series "Be-witched," died Thursday at her home in

Los Angeles. Ms. Montgomery underwent surgery in tried to return to the Soviet Union. Only. April for the removal of what was characterized as a small malignant tumor. Her

family would not disclose further details. "Bewitched," a top-rated situation com-edy, ran from 1964 to 1972. Its green-eyed star played Samantha, a witch and the wife of an advertising executive who tried to suppress her supernatural talents yet often resorted to sorcery to solve problems. Ms. Montgomery later had a successful career starring in made-for-television movies.

Henri Laborit, 80, French Scientist

Who Developed Early Tranquilizers PARIS (Reuters) — Henri Laborit, 80, a French neurobiologist and philosopher whose studies of animal responses to explain human behavior were popularized in an award-winning 1980 film, died in Paris on Thursday, his family said.

Mr. Laborit, born in French Indochina, earned scientific recognition for his work on tranquilizers. His studies of human behavior reached a broad audience in Alain Resnais's film "Mon Oncie d'Amerique," in which he used rats to illustrate human responses. The film won the Golden Palm award at the Cannes festival.

Trained as a brain surgeon, Mr. Laborit developed some of the first tranquilizers in

# Thai Elections Set. After a Key Faction **Deserts Coalition**

The Associated Press

BANGKOK — Prime Minister Chuan Leekpai of Thailand dissolved the lower house of Parliament on Friday rather than face a no-confidence vote he was sure to lose. He called for elections to be held July 2.

Mr. Chuan made the move after a key party ahandoned his coalition to protest a land scandal in which Mr. Chuan's party has been accused of handing over land meant for poor farmers to wealthy individuals.

Mr. Chuan had hoped to become the first elected prime minister to finish his term of office. He was Thailand's longest-serving elected prime minister, having completed 32 months of a four-year term.

The last elected prime minister, Chatichai Choonhavan, was overthrown hy a military coup in 1991. Mr. Chuan was swept into power after demonstra-tions toppled the military junia

Mr. Chuan said he and his remaining coalition partners could find no acceptable way to

"Therefore," he said, "the best way is to return power to the people and let them considcr what is best."

Mr. Chuan's coalition col-

partner, Righteous Force (Palang Dharma), announced early Friday that it would not support the government in a noconfidence vote scheduled later in the day.

A Palang Dharma spokes-man said Mr. Chuan's party. the Democrats, had failed to clear up suspicions over the land-reform scandal

Party ministers who were involved in the scandal had been dismissed, but that failed to satisfy the opposition and the pub-

Palang Dharma is led by Chamlong Srimuang, who played a major role in the demonstrations of 1992 that top-pled the military regime that preceded Mr. Chuan's elected

A spokesman for the prime minister said Mr. Chuan had presented King Bhumibol Adulyadej with a decree dissolving Parliament, as required by law. Mr. Chuan was to meet later

with representatives of the parties remaining in the coalition to work out a caretaker government until the elections are

Mr. Chuan will stay in office until his successor is chosen.

### YELTSIN: Bid for Harmony Flops

Continued from Page 1

Russia's Choice faction in Parliament, speaking of Mr. Yavlinski, "He is a betrayer. And l think that he has discredited himself for good."

their opponents - nationalist and Communist - have done well in local elections around the country. Last week the Communist Party won another highly watched election in a district near Moscow, with a well-known cosmonaut, Gherman S.

Those local victories, and the national fears they inspire, are the central reason that Mr. Chernomyrdin — with the blessing of the president — created a new party he calls Russia Is Our Home, and which most liberal commentators have already renamed Russia Is Their Home. It is a party of "power," controlled by bankers and apparatchiks from the old clans of the Communist Party and local

ify as has the right wing. There

ry. There are those who say the very existence of parties is enough to prove that Russia is moving vigorously along the road to reform.

'I don't think it is all that While the democrats are hard to make a case that this beating each other to death. maneuvering is a sign that parties and democracy are alive and well," said Sarah Mendelson, a program officer at the National Democratic Institute in Moscow, which has tried to help Russia develop a sensible electoral system. "If you want to measure the

ogress of democracy by asking, 'Are there parties and are people active?', then you have progress," she said. "On the other hand, you could look at the creation of these new parties simply as window dressing. But Mr. Yeltsin, who ordered

the invasion of the breakaway region of Chechnya, does not often yield to window dressing.

### BRIEFLY ASIA

### India's Congress Party Breaks Up Over Opposition to Rao Leadership

NEW DELHI — India's governing Congress (1) Party split on Friday as opponents of Prime Minister P. V. Narasimha Rao named a rival leader of the country's oldest political

Narain Dutt Tiwari, 71, a former chief minister of the northern state of Uttar Pradesh, was appointed president of a dissident faction of the ruling party dubbed the Indian National Congress. Mr. Tiwari's nomination as party president was accepted by a show of hands at a rally here of nearly 30.000 anti-Rao Congress members.

Speaker after speaker at the rally assailed Mr. Rao. the Congress president, for a series of defeats in recent state polls and said he was incapable of leading the 109-year-old party into general elections next year. A four-month rebellion against the 73-year-old prime minister came to a head at the rally, which was called to bring about a change in party

"Narasimha Rao is not our party president as of today." said Satyanarayan Rao, a Congress leader from Andhra Pradesh, Mr. Rao's home state, to applause from the crowd. Several speakers called on Sonia Gandhi, the widow of former Prime Minister Rajiv Gandhi, to take over as Congress

### More Mystery Balloons in Japan

TOKYO - At least 10 mysterious halloons landed over wide areas in western Japan Friday, the second such incident in less than a week, the police said. The halloons were recovered across five prefectures, including Hiroshima. There were no reports of injuries.

Last Saturday, about 30 balloons measuring about 6 meters (20 feet) in length and 2 meters in diameter were recovered in western and central Japan. Nobuyuki Kono, a spokesman of the Hiroshima Prefectural Police, said residents in the province found three balloons that were similar to those recovered last Saturday.

The previous balloons had 15-centimeter (6-inch) plastic tubes hanging from them bearing the words "on," "off" and "test" in English, police officials said. The tubes were helieved to be some kind of apparatus for weather observation, they said, adding that police scientists were still investigating. There were similar incidents in May last year in the same region, when dozens of vinyl halloons landed after being released on the Korean Peninsula, the spokesman said. (AP)

### Kashmir Protesters Torch a Bank

SRINAGAR, India - Protesters in Kashmir's summer capital burned down a bank Friday and taunted police as they returned from prayers on the second Muslim day of worship since the razing of a shrine to the state's patron saint.

Police said there were five brief demonstrations after prayers ended at noon during a relaxation of a daylong curfew, which was reimposed by Indian paramilitary troops. Residents of wooden houseboats on Dal Lake, which winds through the city of nearly one million, were streaming out of a mosque on the way home when a demonstration erupted. Groups of protesters threw stones and shouted abuse at the

military. They dragged tires into the streets and set them on fire, blocking the roads before the police swiftly dispersed them. Elsewhere in Srinagar, protesters burned down a huilding housing the State Bank of India. (Requers)

### For the Record

Muchtar Pakpahan, head of Indonesia's first independent labor union to challenge the government on worker rights, was allowed to leave jail Friday, the head of the Jakarta Legal Aid Institute said. He has been serving a four-year sentence for inciting workers to riot. More than 40 Sri Lankan Tamil rebels and soldiers have

been killed in clashes in three days, the military said on Friday. The rebels attacked a military camp in the north on Friday, killing seven soldiers.

### olitical administrations. But the left wing of the new ARREST: U.S. Holds Fugitive Wanted in Germany

lifestyle befitting his nouveau family man who "lived the 10 Commandments."

But the deep recession that

to 30 percent. By last spring the operating costs of Mr. Schneider's empire had reached \$360 million a year, compared to only \$17 million in income from rental contracts, accordriche status. He moved into a ing to the court-appointed receiver who took over his hankrupt company.

old debt: prosecutors charge ceiving his creditors with "crimcians and traveled by Lear jet to that he forged rental contracts inal energy."

skyrocketed after German uni- ings were bringing in much fication in 1990, plummeted 20 more income than they actually Mr. Schneider charged Deut-

sche Bank with ruthlessly vanking its support from his enterprises and hringing on what became Germany's most dramatic postwar property collapse. A Deutsche Bank executive angrily dismissed the New debt was used to hide charge and accused him of de-

### decade without further beltwomen in bathing suits have tightening.

Continued from Page 1.

trance and at least one antiaircraft gun is on the site, the entire complex can easily be seen from the villages and farms

ic future rests on a belanced, budget, neither the history nor the politics of the issue is en-

couraging. It is important to re-

member that whatever gets en-

acted this year can always be

changed by the next Congress

The Gramm-Radman-Hol-

lings legislation in 1985 set spe-

cific deficit levels for each of the

or the ones that follow.

. With 2,000 housing units, a subsidized food shop, hospital, barber shop, elementary school, bakery, bank, laundry, swimming pools, playground, movie theater and vast dining halls capable of serving 4,000 people, the complex resembles a small government-run village. Over the years, the authori-

ties have tried to preserve the site. They have covered motor shafts and rotary blades with tar-based paint to lessen the corrosive affects of the humid salty air. To prevent salt from damaging the carpets at a sophisticated information center. visitors are required to remove their shoes at the entrance. Since the revolution, the

complex has been home to 300 to 400 Iranians who maintain it, and it now houses an estimated 150 Russian engineers and inspectors who have arrived in recent months. The Iranians say 500 Russians eventually will be based on the site; the Russians say they will send 3,000.

Exactly where the Russians are is not clear; there were none to be seen. The ranking Russian official at the site declined a request for an interview, and the Russians have not allowed even official Iranian guests to photograph Russians at the site.

The Russians are said to live in a separate area and report to their own director. They have imported their own cook and will open their own primary

Kin Transmit

school next year. People in Bushehr, about 25 kilometers away, say Russians come by bus to do their shop-

ping every Thursday. Some Russians have had problems adjusting to the rules of an Islamic republic. The few who have been found with

women or alcohol have been sent home, according to officials at the complex. Russian tried — without success — to sneak into the Gulf for a swim.

partly because politicians acked the necessary commit-

ment, the proscribed delicit

limit was never met in any year.

No meaningful sequestration.

In 1987, facing the seemingly

impossible task of lowering the

deficit to \$108 billion in the

fiscal year 1988, Congress changed the law. New annual

ever occurred.

By all accounts, the Russians will have an extraordinary job ahead of them. Iraqi warplanes hit the site at SHOOT OUT THE

least twice in the latter stages of the Iran-Iraq War in the 1980s, damaging one reactor so badly that the structure has been sealed and its protective dome of steel and concrete covered over with sheet metal.

The Germans withheld key blueprints and technical documents relating to the site. That will make it more difficult to fit 1,000-megawatt Russian-made reactors and turbines into a damaged structure intended for German-designed 1,200-megawatt reactors.

If the Bushehr site causes anxiety outside Iran, it may have little to do with the possible spread of bomb-making know-how and more to do with the issue of nuclear safety.

Already there are conflicting analyses of what structures Russia will be able to salvage. Iranian officials insist the metal dome and the partly completed concrete dome that surrounds it can be salvaged. Some Russian officials say the work may be much more extensive.

Sergei Tretyakov, Moscow's ambassador to Iran, said that Russia would have to lay a new foundation for the reactor; Mr. Khabir said he believed the existing foundation to be sound.

The Russians also question ing economy, will be able to pay for the project.

"It's a cash deal, a commercial deal, and they'll have to pay in installments in advance," Mr. Tretyakov said. "If they pay, we will go on; if they don't, we'll stop."

Continued from Page 1 process known as sequestration economic assumptions that the levels were exceeded characterized many of the pro-1988, incidentally, turned out to be \$155 billion.

required that sec would have proved crippling, Congress abandoned Gramm Rudman-Hollings and adopted a new scheme of tax increases and budget reductions. The deficit in the fiscal year 1991, supposed to be \$64 billion under the old law, was \$269 billion.

The measures agreed to by President George Bush and Congress in 1990 and similar ones approved by President Bill Chinton and Congress in 1993 kept the annual deficits substantially lower than they would have been otherwise.

**IRAN:** A Glimpse Into Nuclear Site But these measures were intended to balance the budget. And largely because of the growth in health costs, the deficits will soar by the end of the

### BALANCE: Congress Tries Again to Conquer Deficit MARKET: The deficit in the fiscal year Euphoria Fades

Continued from Page 1

In 1990, with the economy in sentiment through Investors Inrecession and the projected deficit so far above what the law
York, publication that reports
required that sequestration
weekly on the number of edge. ers who are bullish or bearish. On the New York Stock Ex-

change, 1,324 issues declined Friday, far outpacing the 885 stocks that gained on the day. Beverage, drug and tobacco shares rallied amid confidence that they will produce steady

earnings growth even if the economy slows. Callaway Golf Co. was the most active issue, with 66,879 shares trading hands on television reports that American Brands Inc. might buy the com- the country's endemic crime

pany. Callaway Golf shares closed at \$13.875, up \$1.625. Also among the most active still-fistocks were Merck, np 62.5 forms. cents to \$41,1875; Wal-Mart, But Coca-Cola, up \$1.125 to

bloc has been attacked as heartare many politicians here who feel that Russian voters just will not vote for anyone they think represents the status quo.

Many, particularly the liberal people who work at newspapers, have been unrelentingly cynical about the chance that a party beaded by Mr. Cherno-myrdin - who is closely associated with Mr. Yeltsin after all — could win any election.

They cite the general hitterness over the war in Chechnya. and corruption, the lack of a coherent legal system and the still-faltering economic re-

But building a party system is up 25 cents to \$24.75, and not easy in a country that has had only one free presidential election in its 1,000-year histo-

### Continued from Page 1 down. Big city rents, which had to make banks believe his build-

particularly active in Leipzig. where he had 41 of his 121 properties. Rental income, and compliant banks, provided the money needed to keep buying and renovating buildings. Mr. Schneider developed a

big 19th-century villa in the hills above Frankfurt, became a patron of young artists, hob-nohbed with German politihis vacation home in the Canary Islands. Shortly before disappearing, he described himself to a reporter as a hard-working

besieged Germany beginning in 1991 brought Mr. Schneider

York Times last year about a

wild over-the-head shot John

Starks had successfully made

show," the article reports, "the

announcer Al Trautwig asked

Walt Frazier, the former Knick

star guard and now an analyst, 'Clyde, did you ever make a shot like that?'

'I was never nut of control.'

'Never had to,' said Frazier

Christopher Lehmann-Haupt

is on the staff of The New York

"On their halftime television

with his back to the basket.

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### **BOOKS**

LIGHTS: The Amazing, Improbable, Exhilarating Saga of the 1969-70 New York Knicks

By Bob Spitz. 306 pages. \$25. Harcourt Brace. Reviewed by Christopher Lehmann-Haupt

TWENTY-FIVE years ago. the New York Knickerbockers basketball team was very different from today's. Those Knicks made their fans feel good even when they lost, although they lost only 29 times

during the entire 1969-70 season and their 72 wins earned them the team's first championship, after 24 years of trying. Those Knicks shared the ball unselfishly, passed it dazzlingly, hit the open man, as the cliche went. And those Knicks

were smart. In fact, for a while they were thought to be too smart, which is where the story opens in Bob Spitz's bouncy new book.

We enter the head of Eddie Donovan, the Knicks' general manager, as he travels home from Madison Square Garden one losing day in December 1968 and tries to figure out why whether Iran, with its worsen- his carefully put-together combinarion of Walt Bellamy, Willis Reed, Bill Bradley, Dick Barnett, Walt Frazier and Cazzie Russell hasn't been winning. Could these guys be too smart as individuals for good team plny?

pages, the idea occurs to him to ries against the Lakers. One remove Reed from the position of members it best for the seventh power forward, where he has game, played on May 8, in which been playing, to center, his nat- a severely injured Reed helped ural position, where Bellamy has been playing. That deal proved to be the

turning point for those Knicks. Of course, as Spitz's narrative goes on to remind us, it didn't bring a championship right away. Although the Knicks started winning and eliminated Baltimore in the first round of the 1968-69 playoffs, in the next round they could not handle a Celtic team led by the aging Bill Russell, especially

after Frazier got hurt. But Russell retired after the season ended, along with his teammate Sam Jones. The Knicks started off the next season by winning 23 of their first 24 games. They ended up first in the Eastern Division, survived a ferocious seven-game series against Baltimore in the first round of the playoffs and easily beat a Milwaukee team led by the rookie Lew Alcindor (later Kareem Abdul Jabbar) to become the Eastern Division champions. In the finals they faced the Los Angeles Lakers,

Baylor and Wilt Chamberlain. Spitz, who has written books on the first Woodstock festival and on Bob Dylan, recounts the Knicks' great season from various points of view, collective and individual. Every now and then, his prose overheats.

Yet Spitz's book is rescued by

the memories be recalls and by

the fresh details he unearths.

Then, as Donovan keeps Most dramatic of all is Spitz's

mulling over the problem for account of the championship se-

which starred Jerry West, Elgin

to psych out the Lakers by limping onto the court and playing part of the game's first half. But in Spitz's report, the se-

ries was more a war of attrition than a battle of wits. Of course, memory always makes the past seem better than the present. But Spitz's epigraph gauges the true difference between now and then. In it, he quotes an article from The New

> Check Tuesday's newspaper for a chance to win a holiday



THE WORLD'S DAILY NEWSPAPER

# Galleries Eclipse Auctions at Art Fair

International Herald Tribune ternational Fine Art Fair opened its doors at price tag, \$225,000, bore no relationship to the Armory on May 11 for a five-day art

With the fair only in its second year and already by far the best in the world for

### SOUREN MELIKIAN

paintings and drawings down to the early 1900s, the top brass had all come from Europe and North America.

Martin Summers and Desmond Corcoran, the intensely private partners who run the Lefevre Gallery, had made the trip from London. So had Tim Bathursi of the equally discreet Artemis group, the rencent June offered at \$750,000, transformed from the ly discreet Artemis group, the reticent Julian Agnew of Agnew's, London's oldest firm, and all the others, from Spink's to Harari and Johns, 10 Kate Ganz, who had not bothered the year before.

The French were just as keen. The galeries Huguette Berès, Brame & Lorenceau and Bruno de Bayser, had made the effort, even though theirs are household names in the United States after decades of dealing. the variant in the Whitney Museum. No one can afford to stay away from the hattlefield.

To counter the auction house offensive. dealers had tried to project the image of

speculators, It started with a view of Lake about 1834 when the young artist was on the New York horizon. breaking up the canon of neoclassicism. and ended with a scene painted at Ecouen near Paris around 1870.

The Ecouen view is almost Impression- of the clown Biahna Duhamel done by "EW YORK -- If any doubts ist. Only the atmosphere of dark solitude on were left that the dealers' best a winter day conveyed by the lonely figure of swirling white gouache. A day latet, sales hope against the formidable auc- of a peasant woman trudging between houstion house onslaught lies in art es gives it a gravity that belongs to the world fairs, they were swept away as the In- of the Le Naio brothers and Rembrandt. The for about \$200,000, to Norbert Goeneutte's

those seen a week earlier at auction.

Neither did the \$370,000 at which Courbet's seaside view dated 1866 was offered by Brame & Lorenceau. A masterpiece in shades of beige and blue, the Courbet has never been shown before, nor even repro-

Throughout, priority seemed to have been given to keep prices within manageable limits, even where the most glamorous names are concerned. On Thomas grimy appearance it had at Christie's not so long ago when it found no buyer. Philippe Cazeau and Jacques de la Béraudière of Paris somehow managed to put up a beautiful and rare Fauve landscape of 1906 by Raoul Dufy at \$1.6 million, well below the auction record levels of past years.

Cazeau insists his is more beautiful than Beres of Paris made a startling effort to

come up with absolute gems under \$200,000, from one of Theodore Rousseau's most subtly painted landscapes another world, where great art is available at \$77,000, to Pierre Bonnard's "Promat very different prices from the Alice-in- enade en Barque", an almost abstract lay-Wonderland numbers spelled out on the auction scene. ered landscape of 1900 at \$160,000. For some, the show promptly paid off.

Le Fesevre displayed four Corots, that The fair's roaring success in Impressionist towering figure of 19th-century art that has and 20th-century art was the display put mysteriously escaped the attentions of together by Waring Hopkins and Alain obviously from the same sketchbook, speculators, It started with a view of Lake Thomas of Paris in association with Marc not seem wildly priced at \$8,500 each. Cuomo and the town in the distance done de Montebello, whose star is slowly rising

A stream of sales started on the opening night on a prankish note - a Parisian col-

Vuillard in 1890 in almost Surrealist strokes ranged from Pissarro's "Peasants Reaping." an 1880 gouache sold to a Zurich collector portrait of a woman, neither entirely Aca-

demic nor Impressionist, which "an ac-

tress" bought at roughly the same price. On the last day, May 16, Hopkins told me in his apologetic manner that they had sold 19 paintings or drawings. On May 17, the telephone rang: "Les Pelerins d'Emmaus," a Nabi painting executed by Mau-rice Denis in 1894, had just been sold for "around \$300,000," and also a Pointilliste landscape of 1892 by Achille Lauge (\$30,000). And, oh yes, the portrait of Paule Gobillard (a stunning pastel of 1900) by Odilon Redon was "under serious con-

■HE fallout will take longer to assess for some other galleries, most of all those dealing in Old Masters. It is a slower world. There were a few lovely drawings — the red chalk sketch of a horse walking by Naldini brought from Munich by Katrin Bellinger, the likeness of a little girl in black, red and white chalk done by Ubaldo Gandolfi, probably in the 1750s, on the stand of Flavia Ormond of Loodon.

Most revealing of the need to go out and meet clients was the effort made by young dealers. Martin Moeller of Hamburg, with limited cash and a good eye, had bought from two separate sources two landscapes in black chalk by the 18th-century artist Michel-Ange Challe. The view of ancient ruins and the Arch of Septimus Severus. obviously from the same sketchbook, did

Greater discoveries were made in paintngs. Worth Bracken, owner of the New York gallery M. Roy Fischer, only three lector felt unable to resist the \$42,000 sketch rare panel half-way between Byzantine icon The Fine Art Fair is on track.

painting and early Italian Primitive paint-

Executed around 1280 by the Master of Magdalen, the astonishing work, as yet barely known, appears to have surfaced in Italy in the late 1980s.

Almost as rare was the portrait of a girl by Juan Bautista Martínez del Mazo, who married the daughter of Velázquez in 1634.

Mazo spent much time directing workshop copies of the master's pictures (one, in the Wallace Collection in London, fooler specialists until recently). In his own work, he had a distinctive, highly sensitive touch. The head is fully finished. the bust broadly sketched. At \$60,000, it looked like a giveaway measured by the standards of 19th-century art.

It shares a kind of kinship with the study for two characters in "The Wedding at Cana' completed in 1775 by Gaetano Gandolfi, brother of Obaldo. The double portrait, bold in its layout, seems to burst out of its edges. It was discovered by another young dealer, Emmanuel Moatti of Paris, whose price tag of \$110,000 did not seem outrageous either.

The success story here would appear to be that of Bob Haboldt of New York and Paris. A \$240,000 portrait by the rare Jo-hannes Moreelse (1602-1634), who painted for about a decade, promptly left his stand, followed by others.

As the fair was closing, Nicolas Joly of the Galerie Mikaëloff, Paris, gleefully re-counted how he had just sold a study in black and red chalk for "Molé avec les factieux de la Fronde," completed in 1779 by François-André Vincent.

The \$26,000 sketch, with its characters in 17th-century garb, must be one of the earliest examples of French Revivalism, heralding the art of the 1820s. An American connoisseur who had seen it in New York had just called from Paris, oo his way to a spring vacation, to say he would have years into the art business, was showing a it. For Old Masters, this is just a beginning.



"Portrait of a Young Girl" by Juan Bautista Martinez del Mazo.



Souleymane Cisse's "Waati" examines apartheid: actors Ayano Asahina, Hiroyuki Sanada and Yuraki Nishida pose at presentation of the Japanese film "Sharaku."

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# A Mad Scientist and His Giant Tinker-toy

By Joan Dupont International Herald Tribune

ANNES - It is customary at Cannes screenings for the Anglo-American and French contingent to sit at opposite ends of the theater: they Pierre Jeunet and Marc Caro's La Cité des Enfants Perdus." which opened the competition, Rube Goldberg cartoon. created a shrug of disappointostmodern tinker-toy.

and commercials, have been planning this film since the start of their collaboration. They cite their sources as multiple, from Perrault and Hugo, to the en

### CANNES FESTIVAL

gravings of Gustave Doré, with find each other's cinema im- a salule to Méliès, "Deli-penetrable and do not laugh at catessen" (1991) was a sureach other's jokes. But Jean- prise a fresh assortment of lowtech jokes that linked household catastrophes into a giant

ment that rippled across the dus," starring brilliant digital room. Nothing violent, just a effects and a cast of monsters, is Krank needs children for his children. But who cares with all feeling that talent and ingenuity a costly venture and takes itself project; he feeds on their that kinky hardware to look at? had been tossed into a giant more seriously; the setting is a dreams and sends out Cyclops. The brilliant special effects bog Caro and Jeunet, who come oratory for a mad scientist and fresh victims. On the catwalks

The plot, inspired by a mix of twin weird sisters, (Geneviève ing with a story that the grand-Dickens and Jules Verne, cen-Brunet and Odile Malet), rule a mother tells in front of the fire, a ters on master-mind Krank, played with evil finesse by Daniel Emilfork. His laborato- pickpocket superbrat and the workers include a dwarf (Mireille Mosse), her six iden- meets up with a strong man tical clone sons (Dominique Pinon times six) and their maker, Irvin, who is not really a character, but a pulsating brain who sits in an aquarium and wafts out sententious warnings haircut).

in the seductive voice of Jean-Louis Trintignant. When Irvin "La Cité des Enfants Per- gets on Krank's nerves, he tossdismal underworld port, a lab- with X-ray vision to kidnap

**ANTIQUES** 

**ANTIQUITÉS** 

gang of orphan delinquents. Miette (Judith Vittet), chief only pretty face in the movie, named One (Ron Pearlman, magnificently dressed by Jean-Paul Gaultier, who did the costimes and influenced the look of the film, down to Pearlman's

This romantic, slightly incestuous couple - it's all right because he's an innocent - set es an aspirin into the fishbowl. out on a crusade to save the

and streets of the City, Siamese Temps" ("Waati") is also a French production that took years in the making. Shot in South Africa, the Ivory Coast, Namibia and Mali, the filmcarves for her. While she is on the beach with her father and brother, a Boer mounted policeman attacks: Nandi re- makes an intense Nandi. sponds with her own violence. She escapes South Africa through an underground network and goes to the Ivory

Coast, where she studies. Cissé has fashioned the film

fable on the animal kingdom in which the lion rules and the weak are eaten by the strong, The first ritual occurs when the Boer landlordon their farm orders his son to whip Nandi's father. When the white children object, their mother answers that this is normal since their great- grandparents bought the and and everything that lives on it humans, animals, and

Nandi moves on to help the Tuareg during a catastrophic storm in the desert and the last part of the movie takes place back in South Africa. The dithe action and fog the story line. rector's tone is never vehement, Souleymane Cissé's "Le but so much is packed into the film that the showing is overshadowed by the telling.

The director searched from South to West Africa as well as in France for an actress to play maker's pan-African vision is Nandi across Africa and found focused on the story of Nandi, a an Antillaise who proved a dis-young girl (Lineo Tsolo) fear-appointment. During a period less as the lion that her father when the shooting was interrupted, he remembered a coiffeuse working on the set and

The film had no less than three producers, but Cissé ended up forfeiting his director's salary, telling his producers he would take things in hand. This, he Cissé has fashioned the film says, is the way he sees Africa, around a series of rituals, start-taking its destiny in hand.

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# Auctions in France

# FRENCH AUCTION SCENE POISED ON THE BRINK OF CHANGE

Deregulation could increase sales at the upper end of the art market.

ndowed with a sta- after they have passed a mon Market. But the historic tus that dates back to a royal decree of

This artifact from the

Congo was sold

by the Loudmer

firm of

in Paris

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qualifying examination - and strictly noncommercial Paris's 100 auctioneers, or status of French auctioneers 1552 - that of commissaires-priseurs, have (unlike their counterparts "ministerial officers" sworn so far resisted war, foreign in by the minister of justice invasion and even the Com-

elsewhere in Europe, they may not buy in order to sell) is bound to change in the very near future.

French exams

As things stand, French leg-islation obligates individual foreigners to pass the same qualifying exams as their French colleagues if they wish to practice in France and forbids foreign firms from investing in French auctioneering companies. Sotheby's, which uses offices in France to prospect for goods to sell abroad but is still barred from holding sales in France, has taken legal action with the European Commission in Brussels, after the French government was informed that the exclusion of foreign auctioneers was contrary to European Union law.

Officialdom in France has been divided. The Ministry of Justice has long dragged its heels over letting foreign auctioneers into the country, but last year Culture Minister Jacques Toubon said that he supported the idea of a sbake-up in the auction scene in France and the arrival of the big British houses. The days of royal privilege would now appear to be numbered.

Efforts to federate Paris's auctioneers into a true collective, as opposed to the existing umbrella organization of Drouot - to enable them to compete with Sotheby's and Christie's - have been

going on for over a year, on the initiative of Joël-Marie Millon, the chairman of Drouot and an auctioneer himself.

Despite his commitment to modernizing the profession, however, the city's auctioneers have proved unwilling to sacrifice their comfortable independence. and progress has been labo-

Plans to permit outside capital investment in French auctioneering firms have also proved far more problematic and drawn-out than first expected.

A handful of the bigger and more dynamic commissaires-priseurs in Paris, including Jacques Tajan, Guy Loudmer and Jean-Louis Picard, are actually eager to see Sotheby's and Christie's operating in Paris. They believe that France's art market is being preyed upon by Sotheby's and Christie's. which already export the country's best objects for sale abroad. Most gallery owners, too, would be delighted to see the French art trade stimulated by a livelier auction scene.

A striking recent example of the sort of artwork that all too often leaves France nowadays to be sold abroad was Toulouse-Lautrec's "Au Lit: Le Baiser" (1892). A tender bordello scene depicting two prostitutes in bed, it was put up for sale by Sotheby's in New York on May 9 on behalf of Maurice Rheims, member of the Académie Française and one of the country's foremosi commissaires-priseurs between 1935 and 1972. Estimated to be worth between \$5 million and \$6 million, the painting, ironically, failed to sell.

Large sales volume

For the time being, France's 440 or so auctioneers work within nine regional chambers. Paris, which represents over 40 percent of sales in terms of value, has its own chamber and centralizes its sales in the Drouot salesrooms near the old Opéra. Rebuilt in 1980, the Hôtel Drouot accommodates

"AUCTIONS IN FRANCE" was produced in its entirety by the Advertising Departmen of the International Herald Tribune.

WRITER: Nicholas Powell is a British journalist based in Paris who specializes in the art market. PROGRAM DIRECTOR:

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Bill Mahder.

An ancient manuscript that sold at Drouot for 3,519,200 French

francs (above). An auction takes place at Drouot (right).

an average of 5,000 visitors a day, mainly dealers, who come to view and bid at sales ranging in quality from the occasionally excellent to the jumble-sale variety. In 1994, Drouot sold for

3.1 billion francs (\$612.8 million) - 3.4 billion francs including premiums - an increase of 1.5 percent in com-parison with 1993. The Ader-Tajan firm,

which during the course of last year became the Etude Jacques Tajan after the departure of Antoine Ader and which holds sales in every major artistic speciality, recorded sales of over 330 million francs.

Second in the stakes, with 115 million francs, was Guy and Philippe Loudmer, a father and son company that also covers a broad range of sales and specializes in modem and primitive art. Jean-Louis Picard, who is known for particularly high-quality sales of 18th-century French furniture, recorded 111 million francs in sales.

In addition to the frequentsalesrooms, Paris auctioneers use premises on the plush Avenue Montaigne. just off the bottom of the Champs-Elysées, for their prestigious sales aimed at an international clientele of collectors and dealers. Guy Loudmer, among others, has frequently complained that while Drouot may be satisfactory for middle-market sales, it is inadequate for attracting top international

Paris market Paris has been a major center for primitive art ever since its "discovery" by the

Cubists. In addition to Guy

Loudmer, the Francis Lombrail and Christian de Quay partnership has recently made inroads into selling major pieces of tribal African and Oceanian art, Both firms are holding important sales in June, as is their colleague François de Ricgles, who will auction off a 300 piece collection of Cameroon art - a sort hardly ever seen in the salesroom amassed by Pierre Harter, a French doctor who worked in Africa in the 1950s.

For historical and fiscal reasons, principally the 18.6 percent import tax payable on jewelry coming into France, Paris has never been a major center for sales of jewels, which tend to concentrale in Geneva. But Drouct does organize a large number of sales featuring less valuable items.

Paris is also weak in the field of Old Master paintings, although this rule is regularly disproved by some notable exceptions. In June. for example, Jacques Tajan will put under the hammer dating from the 17th to 19th centuries. A third of them were consigned by André Gombert, a major dealer in the city, and the rest are being proposed by two European collectors whom Mr. Gombert advised over the

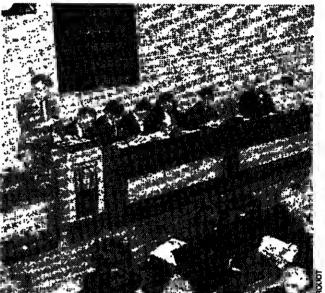
Books have always been a pillar of the Paris auction scene.

The city contains some of the world's best dealers in antiquarian books, French collectors are among the most enthusiastic, and experts consider France to be a largely untapped reservoir of old reading material. Collec-tors also flock to Paris for

especially appreciated in New York as well as Europe, though they evolved in France.

Regional furniture and ceramics are also strong points at Drouot, although the city's once-high-quality modern and contemporary art sales have not fully recovered from the slump that affected the international art market in 1990.

The three percent tax on the sale of a modern work of art, which is payable to the inheritors of the artist and known as droit de suite, exists neither in Britain nor in the United States (except for California). This tax is a maior obstacle to French auctioneers, who point, as proof of its iniquity, to the fact that most modern art sales of more than I million francs



modem illustrated books, as currently take place outside French bookbinders are con-France. sidered among the best in Le certificat, the export lithe world. Drouot saw a mucense required for works of ly exceptional sale in that art over a certain value, is specialty in May, when aucalso seen as a hindrance to uoneer Hervé Poulain put up trade, as is the five percent for sale over 300 volumes

from the collection of Jean-

Pierre Guillaume, almost all

of them bound by the much

dealers and important auc-

ture and objects, which are

Martin.

Art Deco sales

value-added tax payable on artworks imported into France. Paris is the capital of a country rich in art, and the sought-after Pierre-Lucien city's auction scene could be on the brink of an explosion, say, that bothersome fiscal Paris also has outstanding measures are done away with and that the arrival of tion sales in Art Deco furni-Sotheby's and Christie's

may at last take place.

# auction sales

\_ IN FRANCE\_

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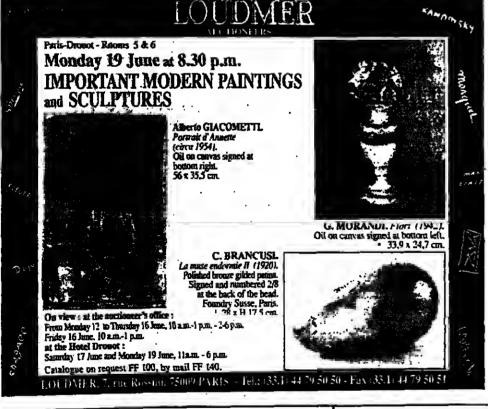
- Wednesday, June 28, 1995 —

Rooms 5 & 6 at 2:30 p.m. - OLD MASTER PAINTINGS - FURNITURE AND OBJETS D'ART FROM Mrs. K. COLLECTION, S. ESTATE AND OTHERS COLLECTORS. MILLON-ROBERT, 19, rue de la Grange-Bâtelière, 75009 PARIS, Tel.: (1) 48 00 99 44 - Fax: (1) 48 00 98 58.

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# Investor Reblazes His Trail South A Pioneer Helps Dollars Flow Back to Latin America

By Peter Truell New York Times Service

It was hardly the typical leading indi-cator. But when Pedro-Pahlo Kuczynski got into his red Porsche recently and headed for Miami, that was as good a sign as any that the smart money was heading south, too, all the way back to Latin America.

Mr. Kuczynski, an investment banker, has been shifting his base to Miami for more than two years. Driving down with some of the last of his things, he was making a final break with his life up north, leaving behind a 33-year marriage and homes in New York and Washington.

with a woman he met some years ago, Nancy A. Lange, an analyst of institutional money managers. Also ahead was a bold plan to invest big again in Latin America. And since Mr. Kuczynski knows the region as well as anyone — he was a pioneer there, "one of the only people doing Latin America 20 years ago," said Richard L. Grand-Jean, a former Salomon Brothers Inc. banker - the move south can be read as something

Indeed, less than six months after Mexico's unexpected and drastic devaluation of the peso sent foreign investors skittering out of developing markets throughout the region, the dollars are starting to flow in again. By relocating to Miami, an important way station for Latin-bound investment, Mr. Kuczynski has been positioning himself to become

one of the biggest conduits.

Now, he has fully arrived. A former managing director at CS First Bostoo and a former minister of energy and mines in Peru, where he grew up and remains a citizen, he has been signing the final papers this week to start up a \$150 milnon fund that will take equity stakes

WASHINGTON - Amid

signs Mexico's economic crisis

is easing, the U.S. government

Friday provided the latest \$2

billion installment of loans to

"Mexico has improved sig-

its southern neighbor.

in large privately held companies in Lathave Mr. Kuczynski's roots in the region
in America.

his name derives from his father's

The timing could not be better, he said, adding that the Latin American Enterprise Fund LP that he would be running with Ms. Lange and a few others was still attracting investors and could soon top \$200 millioo.

The Mexican crisis has increased the pportunities in the private equity market," he said, and "not only in Mexico," because it is now easier to win more

He is not the only one thinking that way. Nicholas F. Brady, the former U.S. Treasury secretary, has teamed up with Overseas Investments Ltd., which has already made some investments in Latin America. Joseph G. Fogg III, a former head of investment banking at Morgan Stanley & Co., recently set up a private equity fund to invest in Peru.

lewly Attractive Estimated net cash flows into and out of Latin American mutual funds that are evailable to U.S. investors.

U.S. Lends Mexico a Further \$2 Billion

nificantly over the past three brings to \$10 billion the amount

his name derives from his father's Polish ancestry - and his long years of investment experience there.

At CS First Boston, he helped privatize 18 Mexican banks and advised such companies as Vitro SA, a Mexican glass-makcr. and YPF SA. an Argentine energy company, about raising money on the New York Stock Exchange. He also helped George Soros, the billionaire fund manager, double his investment in a Peruvian hrewery, Cla. Nacional de Cerveza.

After leaving CS First Boston in 1992, he spent nearly three years restructuring

and managing the Latin American portfo-tio of Stephan Schmidheiny, a Swiss tycoon. It was while doing that job that Mr.

Kuczynski began to spend time in Miami. That hackground —complemented by Ms. Lange's extensive coolacts with institutional investors - has produced an enviable list of deep-pocket backers, in-cluding Bank of America, Chemical Banking Corp., Connecticut Mutual Life Insurance Co. and Internationale Nederlanden Groep NV, the new parent of Barings PLC.

"He's very effective, he knows the husiness well, and he knows the markets," said Jay H. Newman, a former managing director at Morgan Stanley whose firm has made investments in Lat-

And not many are starting over in quite as dramatic a fashion.

This month, the final divorce papers came through for Mr. Kuczynski and his wife of more than three decades. Jane

He and Ms. Lange met almost a de-cade ago when Ms. Lange worked for Institutional Investor magazine arranging conferences for money managers.

They now live near the office on South

See LATIN, Page 10

ing partner.

# Honda Nervous **About Prospects Despite Gain**

strong yen and the threat of from the previous year.

American trade sanctions led it In Europe, sales

Runihiro Chujo, a Honda di-rector, said the company ex-units from 4.2 million. (Reuters, Bloomberg, AFP, AFX) Europe and Japan in the cur-rent year. The company also said motorcycle sales in Asia were expected to advance. Honda, which reported its re-

sults in accordance with U.S. accounting principles, said net income rose to 61.53 billion yen (\$705.7 million) in the year ended March 31, up 159 percent from 23.70 billion yen in the previous year. Sales rose 3 per-cent, to 3.97 trillion yen. The rise in oet profit was the

first in seven years, although 12.8 hillion yeo of it reflected a gain from the dissolution of Honda's cross-sbarebolding with Rover Group PLC after the British carmaker was purchased by Bayerische Motoren

Werke AG. The company predicted its net profit would fall to 45 billion yen this year, with the figure based on a dollar rate of 90 yen. But Honda's profit would de-

teriorate if America formalized trade sanctions against Japan in their current form. On Tuesday. the United States said it would impose 100 percent tariffs on 13 Japanese luxury cars, including the Legend and 3.2TL sold by Honda's Acura division.

But Koji Endo, an analyst at Lehman Brothers Japan Inc., said the cars might be dropped from the list. Yoshihide Mune-kuni, a Honda executive vice president, said the company had not taken the sanctions into account because the list had not been finalized.

Honda laid much of its improvement last year to its costcutting efforts, which totaled 68.5 billion yen, nearly offsetting the 74.5 billion-yen impact of the Japanese currency's appreciation. Honda has cut production hours at some of its plants, shifted workers to sales outlets and port and continued persever- money was a bailout for rich instituted performance-based bonuses for its managers.

Sales, general and administrative costs fell to 769.1 billion

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yen from 775.1 billion yen the TOKYO - Honda Motor year before. Honda's automo-Co. said Friday that cost-cut- bile sales rose in all markets last ting helped it post a hefty profit year. Overall, the company sold rise in its latest year, but the 1.79 million cars, up 2.3 percent

American trade sanctions led it to predict tougher times ahead. 176,000 units from 156,000 Despite the wary outlook, units. Honda's motorcycle divi-kunihiro Chujo, a Honda disson saw sales rise to 4.8 million

### **Strong Yen** Sends Sega's **Profit Down**

TOKYO — Sega Enterprises Ltd. said Friday that earnings plunged 40.6 percent in its latest year because of the dollar's weakness against the yen and poor sales abroad.

The Japanese video game maker said parent current profit for the year to March 31 was 23.2 billion yen (\$267 million), down from 42.5 hillion yen the previous year. Sega's group net profit, which includes subsidiaries,

dropped 54 percent, to 5.1 bil-Worldwide sales fell 8 percent, to 384 hillion yen.

The announcement came two days after its rival, Nintendo Corp., reported a 15 percent decline in current profit, to 97.79 hillion yen, on a sales decline of 25 percent

Big exporters such as Sega and Nintendo are particularly

hurt by the surging yen, which is making Japanese-made products less competitive abroad.

"The rise of the yen reduced parent sales by 10.5 billion yen and caused 4.6 billion yen in foreign exchange losses" said foreign exchange losses," said Shunichi Nakamura, Sega's managing director.

(Reuters, AFP, Bloomberg)

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# Seoul's Growth Reaches Risky Level

By Steven Brull and Herold Triberte

EOUL - No country has benefited more from the yen's surge in value against the dollar than South Korea. But with the economy already expanding at a torrid pace, economists fear the boom could lead to a

The surge of the yen - 15 percent so far this year - has acted like a tailwind behind South Korea's economy, making it one of Asia's most dynami Gross domestic product is likely to expand by 9.0 percent in 1995, after

growing 8.4 percent in 1994. Spurred by the strong yen, which makes South Korean goods more competitive relative to those of Japanese nivals, exports shot up 34 percent in April from a year earlier, to \$10.28 billion. During the month, exports of petro-chemicals jumped 114 percent, automobiles 104 percent, general machinery 93 percent and semiconductors 68 percent. The spurt has helped South Korea

become the world's biggest supplier of memory chips and the third-biggest overall producer of semiconductors. The country is also the world's second-largest producer of videocassette recorders, TV picture tubes and facsimile machines. Last year, it passed Britain and France to become the world's fourth-largest producer of electronics.

South Korea, which just three decades ago was among the poorest countries on

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Earth, will see its per-capita income sur-pass \$10,000 this year, breaching a weighing down the stock market. threshold often associated with devel-

oped-world status. While few dispute South Korea's economic success, economists warn that much of the current expansion is due to a hage buildup of manufacturing capacity that could prove excessive if the yen weakens or global economic growth cools. Investment in manufacturing fa-

The government, which has little sway over the capital-spending plans of Korea's conglomerates, lacks sufficient tools to slow the economy.

cilities is expected to jump about 45 percent this year, to 63.5 trillion won (\$83.3 billion).

"Facility investment is now in the fullblown manic phase," said Stephen E. Marvin, director of international research at Ssangyong Investment & Securities Co. "It has become excessive and will become a major problem for the Korean economy.

Already, he noted, the massive investments are driving up domestic interest rates. Imports of capital goods and materials also are expanding the country's

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tough economic policies."

weighing down the stock market.

If the new capacity proves excessive, it could trigger a negative cycle of falling corporate profits, declining incomes and consumption and reduced tax revenues. Growth could plummet to 4 percent or 5 percent for four to six quarters, just as it did in 1991 and 1992 after a boom that began in the late 1980s.

The government is trying to slow the rate of expansion but lacks sufficient tools to do so. It has pushed up the won's value by several percentage points against the dollar to help keep inflation under cootrol and put the hrakes oo new construction projects. But the government has little sway over the capital spending plans of the chaebol, the country's sprawling conglomerates, which are focused above all else on expanding their market share.

Their investments are fueling South Korea's trade deficit, which is set to swell to about \$8 billion in 1995, about double last year's level. The chief culprit is a jump in imports of capital goods and materials from Japan, many of them made more expensive by the strong yen.

Interest rates have jumped to about 15 percent, up three points from the a year ago, and could rise a little further by the end of the year, according to Scott Fos-ter, head of research at Merrill Lynch & Co. in Scoul.

"Things are still more or less in halance, but they could get out of balance very easily," he said.

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**Key Money Rates** 

months," Treasury Secretary that Mexico has tapped from a Robert E. Rubin said. "They \$20 hillion credit package aphave more than halved their proved in February in a rescue short-term, dollar-linked debt. deal between the two countries. The plan remains controver-

and they have implemented sial here, with Republican leaders io Coogress threatening The \$2 billioo installment public hearings. The loans granted Friday will

be used to pay short-term, dol-lar-denominated debt, officials Mr. Rubin said, "While it is

too sooo to declare victory, we led by Senator Alfonse D'Aare optimistic that with our sup- mato of New York, said the ance by Mexico's people, full investors and that there were oo market confidence and economic health should return."

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been trade surpluses for the United States into deficits. Republicans oo Capitol Hill,

He said the loan package was

in the best interests of the Unit-

ed States because the country

depended on Mexico as a trad-

America's deficit with Mexi-

co widened 36 percent to a re-

cord \$1.71 billioo in March as

the economic turmoil in Ameri-

ca's third-biggest export market

continued to turn what had

assurances it would be repaid by Mexico.

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gelical). Sun. 830 p.m. Soffel Hotel. Tou-lou-se-Blagnac Airport. Tel.: 62.24.31.18, FRANKFURT IF YOU BELIEVE that the Spirit of God olivels in everyone, join others of like mind, Sunday 9:30 am. Universeles Lebert, Borsi-gaties 35 Hessen Ctr., Frankfurt; 06109-33401.

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gican). Sundays 1030 a.m. (with children's

ST. PAUL INTERNATIONAL LUTHERAN CHURCH, near lidabashi Str. Tel.; 3261-3740. Worship Service: 930 a.m. Sundays.

do subway Sta. Tel: 3400-0047. Worship Services Sunday 8:30 & 11:00 e.m. SS at

BARCFLONA I.B.C. For information about services and

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LB.C., BEFILIN, Rothenburg Str. 13, (Ste-glizz), Bible study 10,45, worship at 12,00 ea-ch Sunday, Charles A, Warlord, Pastor, Tel.: 030-774-4570. i.B.C. OF BONNKÖLN, Rheinau Strasse 8, Köln. Worship 1:00 p.m. Calvin Hogue, Pastor. Tel.: (02236) 47021.

ST. JAMES CHURCH, Sun. 9 a.m. Rite I & I.B.C., (English language, evangelical) Zrins-11 a.m. Rite II. Vija Bernardo Ruceltai 9, 50123, Florence, Italy. Tel.: 39/55 29 44 17.

FRANKFURT CHURCH OF CHRIST THE KING (Ediscopal/Anglican) Sun. Holy Communion 9 & 11 a.m. Sunday School and Nursery 10:45 a.m. Sebastism First St. 22, 60323 Frankfurt, Ger-many, U1, 2, 3 Miquel-Alfee. Tel: 49/69 55 01 84.

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gan Allee 54 (Across from Burger Hospital), Sunday School 9:30, worship 11 a.m. Tel.: (089) 589478 or 512552.

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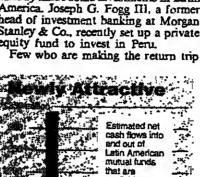
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Ahead was the new life he was forging

other than a midlife crisis.

Daniel Marx, a former director of Argentina's central bank, to set up Darby



### Very briefly:

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### **DuPont Plans to Sell Medical Units**

WILMINGTON, Delaware (AP-DJ) - DuPont Co. said Friday it planned to sell its medical products businesses to help fund

the April buyback of its shares from Seagram Co. The four businesses that will be sold have combined annual sales of about \$1 billion and six U.S. manufacturing sites. The biggest of the businesses is the Diagnostic Imaging unit, which makes X-ray and electronic imaging equipment and has \$535 million in annual sales.

DuPont bought 156 million of its shares from Seagram, a Canadian beverage concern, for \$8.8 billion.

 Chase Manhattan Corp. said it would eliminate the right of stockholders with more than 25 percent of its stock to issue proposals to other shareholders without management's consent. Chase is trying to defend itself against a shareholder who is seeking changes at the New York bank to raise its stock price.

 Orange County investors were paid 77 percent of their investments in cash, in a long-awaited payoff to the government encies that put more than \$5 billion into the California county's

\$7.5 billion failed investment pool, which lost \$1.7 billion. • Eastman Kodak Co. has said it requested help from the U.S. government in winning access to the Japanese market.

• May Department Stores Co. said it would spend more than \$5 billion over the next five years to add 125 department stores and

1,200 Payless ShoeSource stores. · Comcast Corp. asked Nextel Communications Inc. to file a registration statement for Comcast's 11.3 million Nextel shares. signaling it may sell its 10 percent stake, analysts said.

# SEC Tightens Nasday Trade Rule LATIN: Dollars Flow South Again

WASHINGTON - The Securities and Exchange Commission unanimously approved a rule Friday aimed at strengthening protections for investors on the Nas-

The rule would expand limit order protections intended to stop dealers from buying or selling securities ahead of their own

A limit order is a customer's request to buy or sell a security at a specific price or better. Trading ahead of a limit order can give a dealer an unfair advantage in knowing the likely direction of a stock's price. Many market experts say the practice puts the dealer's interests ahead of a customer's. "I believe this will be a very positive

development for the Nasdaq market," SEC Chairman Arthur Levitt Jr. said. The SEC last summer approved rules

of a customer's limit order. But the restriction did not apply to customer orders sent from one market-maker

that prohibited dealers from trading ahead

to another for execution. The new rule is intended to close that loophole.

Market-makers are the brokers who form the backbone of Nasdaq by buying

and selling stocks from their own account. "Investors should be entitled to limit order protection regardless of their choice

of broker," Mr. Levitt said. The rule applies to orders as large as 10,000 shares. It also applies to institutional orders, although professional investors can negotiate with market-makers and per-

mit them to trade ahead of their order in exchange for lower commissions, said Brandon Becker, head of the SEC's Division of Market Regulation. Nasdaq, a telephone- and computerlinked stock market, is America's secondlargest stock market and lists companies

such as Microsoft Corp. and Apple Computer Inc. The market and its major brokers are under investigation by the Justice Depart-ment for possible collusion and price-fixing, charges that the market and the brokerage firms vigorously deny.

A theme arising from the investigation is that average investors may not get the best deal possible on Nasdaq because the market is structured to benefit dealers first. The limit-order protection is the latest in a series of technical reforms urged by the SEC to improve investor protection on Nasdaq.

"I think it's important that customers" interests are executed before the firms' interests," said Alan Davidson, president of Zeus Securities in Jericho, New York, and an advocate of Nasdaq reforms. "Customers need to know when they're dealing in a market that they're getting a fair

But David K. Whitcomb, a finance professor at Rutgers University, said the rule did not prevent brokers who lack a relationship with the customer from trading ahead of that order.

Mark Beanchamp, a Nasdaq spokesman, said the market intended to propose marketwide protection for small customer

Continued from Page 9

Bayshore Drive in Miami where their Westfield Capital Management Co. will run the Latin American Enterprise Fund and other investment operations. The Westfield team includes Mr. Kuczynski, Ms. Lange and five colleagues: Fernando Montero, Edouardo Elejalde and Gerardo Sepulveda in Miami, Jairo Edouardo Loureiro in São Paulo and Felipe de la Balze in Buenos Aires.

Mr. Kuczynski said he was looking for an annual return of 35 percent to 40 percent from buying and selling stakes in the right companies.

His fund will look to invest in companies with sales of at least \$50 million a year. He estimated that 800 to 1,000 companies fell in the target group, but he was reluctant to identify any.

But he would say that bever-age companies in Chile and Argentina were attractive. He was also looking at some basic steel and engineering businesses as well as newspapers and super-market chains.

Of course, investing in Latin America is never a sure bet. The high returns that Mr. Kuczynski envisions are possible place. Even some of the smartest investors with the best local conerging markets. connections were caught by sur-prise in such debacles as the regional debt crisis of the early 1980s and December's peso devaluation. And the ongoing re-

certain to have its own sur-

about the trade imbalance.

The sanctions are generally viewed

as positive for the dollar, because they

Still, foreign investors have started to become more confident about the region. One sign is the net inflow of cash in March and April - after four months of declines - into matual funds that invest in Latin American securities. Moreover. central bank reserves have started to rise again, said Ernest W. Brown, an economist at Morgan Stanley who follows Lann America. Mexico's reserves now stand at more than \$8.3 billion, up from only \$3.5

billion at the end of January. The major Latin American stock markets have also recovered strongly since the begin-

ning of the year. The slump in Latin American securities in January and February was probably overdone, experts now say. "There's no market that overshoots like the less-developed-country market," Mr. Newman said. "The smart money believes that in the long term there's incredible value in Latin America."

American corporate investors seem to have gotten the message. Automakers, telephone companies, airlines and state pension funds have all been buying Latin American debt and equity in recent weeks, only because the area is such a said Stephen W. Dizard, a manrisky proposition in the first aging director at Salomon Brothers who specializes in

Now that the fund is almost up and running and he has settled into his new home base. Mr. Kuczynski said he was thrilled to be closer to Latin covery from the peso shock is America. "To Chile, Argentina and Penu" he said. "New York is just too damn far."

# Champion Pushes the Price Envelope

By William Glaberson

NEW YORK - Champion International Corp. has said it would raise newsprint prices 10 percent on Sept. 1, a move that is being watched carefully by newspaper publishers.

Publishers say the move by Champion, announced Thursday, could test whether newsprint suppliers are able to impose a new round of price increases on newspa-

Sharp increases in the cost of newsprint

are cutting into profits at many newspa-pers. Some publishers have said price increases of as much as 40 percent in recent months have led to layoffs, newsstand price increases and reduced news space.

Publishers say newsprint suppliers have succeeded in maintaining a price increase that took effect May 1 to \$675 a metric ton from \$600.

The suppliers have cited rising prices for pulp and a tight worldwide market for all grades of paper for the recent price in-

Earlier this year, analysts predicted that newsprint prices would continue to climb

al years. But, as newspapers have begun reducing demand by instituting sharp conservation measures, some newspaper execntives have begun to predict that news-print prices would level off. Several publishers said the real test of

Champion's move would come if other newsprint suppliers announced similar

Richard E. Diamond, chairman of the newsprint committee of the Newspaper Association of America, said several large suppliers had told him they did not plan new price increases soon

# Optimism on Deficit-Reduction Raises Demand for Dollars

against European currencies Friday on The dollar ended at 1.4443 Deutsche optimism that the United States will marks, up from 1.4405 DM late Thursneed for foreign capital.

"Everyone is talking about a balanced budget," said Hubert Pedroli, a little better for the dollar," said Bob foreign exchange manager at Credit Gruber, senior currency salesman for Suisse bank in New York. "That's Chemical Bank. what's giving the dollar a bid tone."

The House of Representatives on ing some people encouragement that Thursday approved a plan to eliminate deficit-cutting is a priority. the deficit, which came to \$203.4 billion The dollar has dropped 7 percent in the year ended Sept. 30, 1994, by against the mark and 13 percent against when bringing profits home.

reduce its budget deficit and with it the day, although it slipped to 86.80 yen from 86.90 yen. "Fundamentally, things are looking

"The progress on the budget is giv-

being made on narrowing the U.S. budget and trade deficits, making foreigners reluctant to invest in America.

### Foreign Exchange

Along with the budget gap, the \$166

hillion annual U.S. merchandise trade deficit has weighed the dollar down. The trade gap puts a hoard of dollars into the hands of foreign exporters, who sell them for their own currencies

Bloomberg Business News

2002. That prospect has improved the the yen since the beginning of the year NEW YORK — The dollar rose odds the dollar will rally, traders said.

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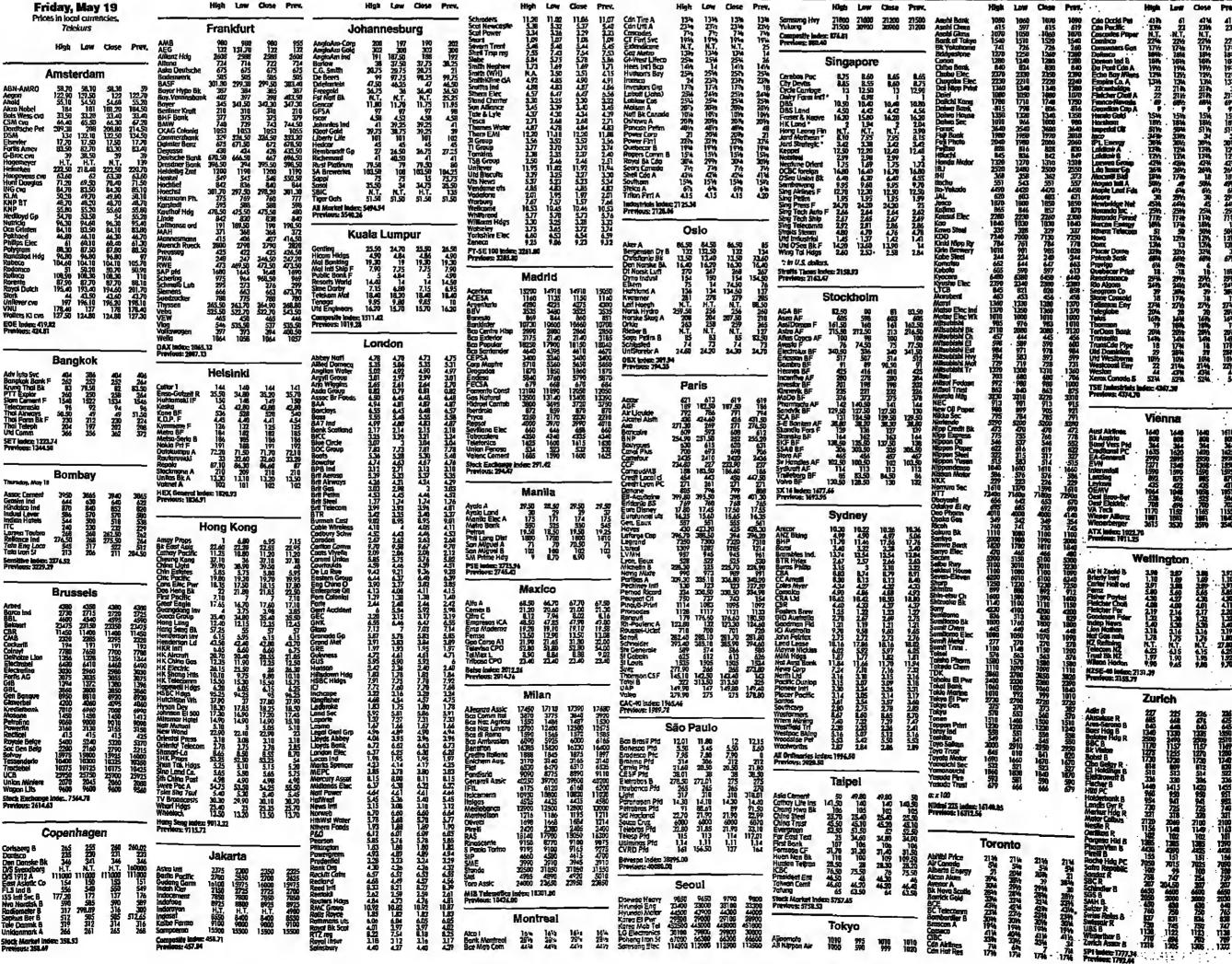
The dollar rose odds the dollar will rally, traders said. last year, nearly 4 percent against the yen, as Against the Swiss franc, the dollar investors began to take seriously ef-forts in Washington to reduce the two rose to 1.2039 from 1.2020, while the

U.S. corrency advanced to 5.1145 deficits. The threat of sanctions on \$5.9 billion of Japanese luxury-car im- French francs from 5.1060. The pound fell.to \$1.5705 from \$1.5779. ports if Tokyo does not open up its Despite the market optimism, Mr. auto market has encouraged investors

change at Darwa Securities (America), down to the 80-to-83-yen range.

Taylor of Daiwa said he thought investors were being shortsighted. "I think by the end of June, the U.S. are expected to reduce the deficit," and Japan will escalate their conflict," said Ross Taylor, head of foreign ex- he said, which could push the dollar

### WORLD STOCK MARKETS



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# Dresdner Bank Stays Bullish on 1995 Earnings

Compiled by Our Staff From Dispatches FRANKFURT - Dresdner Bank AG said Friday it was "confident" about earnings in 1995, even though first-quarter operating profit was proportionately lower than a year earlier.

Jürgen Sarrazin, the chief executive, said operating profit in the first quarter of 1995 was less than a quarter of its 1994 fullyear profit. That would put first-quarter operating profit below 408.5 million Deutsche marks (\$284 million).

The bank did not release figures, but it also said operating profit in the first quarter was nigher than in the two previous

Market conditions in the first quarter were "difficolt," Dresdner said.

"In view of the course of business in April and the first half of May, Dresdner Bank has reason to be confident about profit developments for the full year," Mr. Sarrazin said at the annual meeting.

. He said the bank's income on own-account trading exceeded 100 million DM in the first quarter. He did not provide a year-earlier comparison.

Net interest income fell 5 percent in the first quarter on a proportionate basis, said Mr.

Sarrazin, as growing competi-tion and "structural changes" pushed interest margins down.

Commission income dropped 10 percent because share sales were sluggish. Risk provisions "have developed favorably so far, but this

does not yet permit a forecast for the full year," Mr. Sarrazin said. Total assets declined about 1 percent in the first quarter, he said, mainly because of a reduction in the bank's bond holdings.

Total lending was unchanged from the first quarter, he said, as a decline in short-term loans of about 2.5 billion DM was offset by a rise in long-term oans of about 2 billion DM.

For the rest of the year, Dresdner will continue to expand its investment banking activities, mainly in the United

The bank also said it would continue to build its presence in Central and Eastern Europe, where it has joint-venture banks in Moscow, St. Petersburg and Warsaw, with Banque Nationale de Paris.

Dresdner Bank had a net profit of 1.03 billion DM in 1994, down 3 percent from 1993. Dresdner Bank said it would propose an unchanged dividend

of 13.50 DM a share. (Bloomberg, AFX)

# Feeding the Busy Bodies in Paris Marks & Spencer Profits From Changing Lifestyles

By Craig R. Whitney
New York Times Service

PARIS - In the land of foie gras and chateaubriand, fish and chips has loog been regarded as suspect, at best.

The French eat well, it is said, while the British merely take nourishment. But Marks & Spencer PLC, the British food and clothing retailer, is striving to change all that

"Almost everything we've brought in from Britain has been successful," said Peter Matthews, manager of the company's largest Paris store, on the Boulevard Haussmann opposite its French competitors An Printemps and Galeries La-

"Baby new potatoes, seedless grapes Cox's apples," he said, naming a few of his wares. "We're trying to help the French discover things that are new to them, because they've lost that wonderful natural quality with a lot of their own

Such blasphemy would be enough to make Escoffier spin in his grave, but in the age of the European single market. English palates have become more demanding, and French eating habits are becoming either lazier or -dare one say it? -- less provincial.

Working people in France - as elsewhere - generally don't have time any longer to go bome and prepare gourmet meals from scratch at lunchtime, and increasingly supermarkets bere offer ready-to-eat, or at least ready-to-microwave, substitutes.

The surprise at "Marks & Sparks." as it is familiarly known, is that the French

are no longer turning up their noses at potato and spicy tomato bake, or carrois and cauliflower, proudly marked "produce of England.

Marks & Spencer's hottest-selling food item in Paris is an Indian dish,

'We're going for the young 25- to 35-year-old office workers who buy convenience foods.

Peter Matthews of Marks & Spencer in Paris

chicken tikka masala. "There aren't many Indian restaurants in France," Mr. Matthews explained.

The food department is packed with French customers at lunchtime, and they buy \$60,000 a week worth of ocatly packaged \$2 to \$3 English-style sandwiches to take back to the office to eat.

The sandwiches are much less calorieladen, messy, expensive and crisp than the traditional French loaf split down the middle, lathered with butter, and stuffed with ham or camembert.

"We're going for the young 25- to 35-year-old office workers who buy coovenience foods," said Mr. Matthews, a 45-

"Steak and kidney pie is still a small line," he said, "and fish and chips has been a slow starter, but it's just a matter of getting people to take them home and try them."

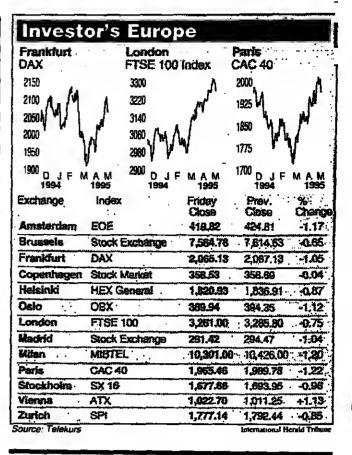
On Saturdays and holidays, the store looks like a refuge for loss British and American tourists. But its growing French clientele caused the store to expand its food-selling space to 18,000 square feet (1,620 square meters) from 15,000 square feet, covering the entire ground floor, last month. Food oow accounts for 21 percent of its business; the rest comes mainly from clothing.

"I come here once a week to shop," said Stephane Ruffier-Meray, a 24-yearold bachelor who works in customer relations for a computer company. "The food is very tasty, it's better value for money than what I can find in French stores, and the labels tell me exactly what's in it and bow fresh it is." Marks & Spencer opened here 20 years

ago, initially carrying mainly teas, biscuits and jams labeled "preserves" before the company discovered bow close that was 10 the French word for coodoms. Now it carries 1,650 food lines, including wines from France, Italy and South Africa and real Champagne from Epernay that is a bargain at \$15.

The Galeries Lafayette gourmet supermarket across the street offers a vastly larger selection of French cheeses, dairy products, meats, vegetables and a reasonably priced and comprehensive selection of wines, most of which are French.

But, apart from conscous and Basque chicken, it still offers relatively few ready-to-beat meals.



### Very briefly:

Bell Atlantic Corp. is abandoning an Italian joint venture with Società Finanziaria Telefonica, known as STET, in favor of closer ties with Olivetti SpA; STET has formed a joint venture with International Business Machines Corp.

News Corp.'s chief executive, Rupert Murdoch, said the company planned to put all its oewspapers on-line within a couple of years; the company recently agreed to a \$2 billioo venture with MCI Corp. to help it achieve the goal.

Abbey National PLC said it made a formal merger proposal to National & Provincial Building Society; the bank did oot disclose details of the bid, but analysts said it would have to be worth around £1.5 billion to sway National & Provincial's board.

· Bic SA said it had launched an offer to buy out minority shareholders of its U.S. subsidiary, Bic Corp., for \$36.50 a share. • Italy's budget deficit shrank 17 percent, to 36.30 trillioo lire (\$21.9 billioo), in the first quarter from a year earlier, industrial output rose 9 percent in March from the year before.

• Cie. Laxembourgeois de Télédiffusion and Walt Disney Co. won permission from the European Commission to set up a TV channel to be called Super RTL.

AFX, AP, Bloomberg, Reuters AFX, AP, Bloomberg, Reuters

### Mercury Sells Holvis Stock

PARIS - International Paper Co. bought a 25 percent stake Friday in its takeover target Holvis Holzstoff AG, exercising a purchase option after a second American company said it would make a higher offer. :

When International Paper offered to buy the Swiss paper company for 435 Swiss francs (\$357) a share, or about 387 million francs, on April 24, it said it had agreed to buy shares from Mercury Asset Management at 435 francs. It exercised an option to buy 216,909 shares Friday, Mercury has an option to sell a further 6 percent stake at 435 francs a share.

InterTech Group Inc., a South Carolina-based industrial company, said on Tuesday it would offer at least 500 francs a share by next Wednesday. Holvis's shares, which traded at 350 francs before the International Paper offer, were bid at 510 in Zurich on Friday, down 22 from Thursday's close. Holvis has rejected the International Paper offer and has not

yet formally responded to the InterTech bid, although an executive said it "more fully reflects the value of the company." International Paper would profit by selling its shares to InterTech, should that company make a higher offer.

# **Takeover Moves VIAG Toward Its Goal**

By Brandon Mitchener International Revald Tribune

MUNICH - VIAG AG, a conglomerate that got its start in energy, aluminum and fertilizers in 1923, is slowly becoming the competitive high-technology company of its executives' dreams.

Alfred Pfeiffer, the company's chairman. on Friday described the recent takeover of Bayernwerk AG, Germany's third-largest unlity, as "a stroke of good fortune that only comes along once every few decades."
VIAG, which already had held 38.8 per-

cent of Bayernwerk, last year bought most of the rest of the company from the Bavar-

Referring to two other big German utility groups, Georg Obermeier, the company's chairman-elect, said the Bayernwerk acquisition had given Viag "the structure VEBA and RWE have had for a long time."

Those companies, like VIAG, have embarked oo an ambitious drive into telecommunications and other high-tech fields, financed by a combination of robust income from utilities and diversified industrial holdings.

With British Telecom PLC, VIAG plans to compete for business in voice, data and video communications when the German market is liberalized in 1998.

Maximilian Ardell, a VIAG board member, said the company eventually hoped to attain sales of 4 billion Deutsche marks (\$2.7 billion) in telecommunications but would first have to shell out 2 billion DM in capital expenditures.

VIAG posted a first-quarter net profit Friday of 1.12 billion DM (\$774 million). up from just 302 million DM a year earlier. The figures included Bayernwerk for the first time. The company said sales rose 78 percent, to 10.9 billion DM.

The company said it would raise its 1994 dividend by 1 DM, to 10 DM a share, Without Bayerowerk, earnings would have risen 18 percent, VIAG said.

■ Trostberg Initial Offering Is Priced Shares in the initial public offering of SKW Trostberg AG were priced at 29 DM. the lead underwriter. Deutsche Bank AG, said, according to a Bloomberg Business News report from Frankfurt.

Deutsche Bank said the offering would raise 910.6 million DM. SKW Trostberg is a specialty-chemicals company controlled by VIAG, which owns

50.1 percent of the shares. VIAG will retain a controlling interest in SKW.

Deutsche Bank said two-thirds of the shares would be earmarked for domestic investors. Trading of the shares will begin Wednesday in Frankfurt and Munich.

### W.H. Smith Shares Plummet

LONDON - Shares in W.H. Smith Group PLC tumbled 15 percent Friday after the compaannual pretax profit.

The retailer of books, newssaid it expected annual profit before exceptional items to be about £115 million (\$180 million). The estimate falls short of analysts' expectations.

Sir Malcolm Field, Smith's results Aug. 23.

chief executive, said the addition of 50 multimedia electronics departments by September and 100 children's department's ny forecast an 8 percent drop in hy Christmas would help improve performance. "I can't see the problems go-

papers, music and hardware ing away," said lan McDougall, an analyst with Williams de Broë PLC. "Smith has admitted that it's an issue of competition chipping away at its core markets."
W.H. Smith will report the

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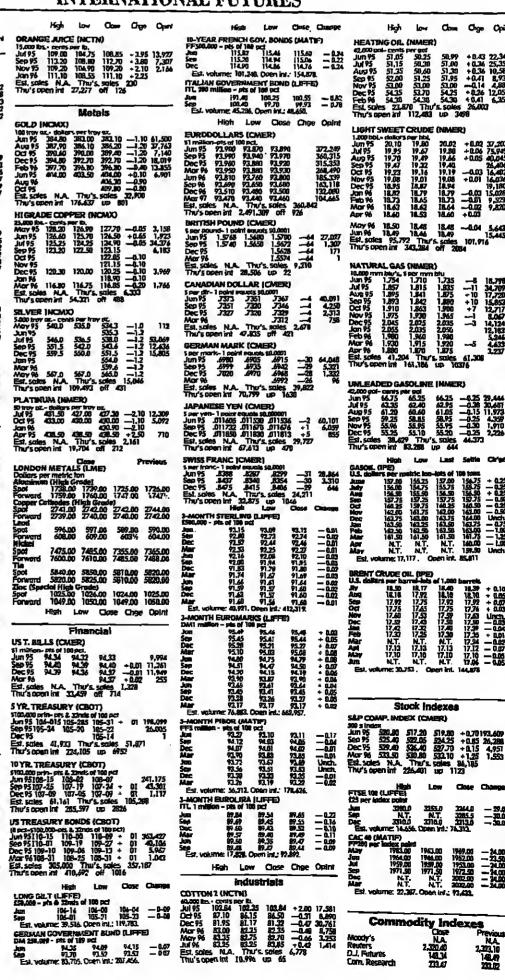
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# China Tightens Futures Rules After Bond Upset

Compiled by Our Staff From Dispatches SHANGHAI - As money flows out of banned government-bond futures, China on Friday ordered its commodity exchanges to guard against speculation by tightening trading rules.

For the second day, the Shanghai Stock Exchange was the prime beneficiary of the China Securities Regulatory Commission's ban late Wednesday on treasury-bond futures. The index of A-class shares, which are reserved for Chinese investors, rose 99.63 points, or 12.5 percent, to 895.95. That followed a 32 percent rise Thursday.

Futures markets did not fare as well, reacting nervously to the securities commission's latest circular, which said futures markets must raise margin require-ments and adjust limits on daily price movements. The maximum number of contracts held by one party will be reduced and new contracts limited.

The exchanges also must establish monitoring systems for big clients, including declaration systems and daily settlement regulations. Investors who purchase more than the allowed number of contracts would be compelled to sell the extra ones.

The directive also bans transactions on overdrawn accounts, prohibits accounts under other names and forbids market manipulation and speculation.

Implementation so far has been piecemeal, officials said, with various exchanges enforcing only some of the guidelines.

An official at the Shanghai Cereals & Oil Exchange said the exchange would not be affected because strict controls were already in place, while another at

China Closes

Phone Window

Agence France-Presse

Friday banned private companies and individuals

from engaging in "any,

form" of international tele-

communication operations

in the country.

The Post and Telecome munications Ministry sin-

gled out foreign companies-

that have placed advertise,

ments in Chinese newspa-pers promoting call-back

services, which give callers access to U.S. telephone

lines and rates when ring-

BEIJING - China on

said the new rules were mainly

Of all the measures demanded by the government, increased margins appeared to be the most widely adopted. The margin requirement is the percentage of cash relative to the face value of a contract that an investor must provide to take a futures position.

The Beijing Commodities Exchange raised its margin requirement to 8 percent from 5 percent, and the Dalian Commodities Exchange to 10 per-cent from 5 percent. The Shenzhen Metal Exchange is also considering raising margins from the current 5 percent.

Some exchanges have also called on members to "voluntarily" reduce their positions, but there is resistance to implementing the new rules because of fears they would hurt busi-ness, officials said.

China has established 15 futures markets across the country, trading various commodity futures, including plywood, soy beans, metals, corn, rubber, palm oil and wheat contracts.

The only financial futures were the government-bond con-tracts traded in Shanghai, but these were halted after traders took larger positions than they were supposed to hold. It was the second time the bond futures had been halted. In February, the government stopped trading for a week after a broker apparently attempted to rig prices, triggering a massive sell-off.

The bond market has been active since November, when many investors switched out of Knight-Ridder, Bloomberg)

aimed at treasury bonds.

SINGAPORE - Malaysian Airline System Bhd.'s 30 percent cut in fares to European and U.S. destinations is likely to signal a price war among Southeast Asian airlines, analysts said Friday.

Sounds of Air-Fare War

**Malaysian Carrier Fires Opening Shot** 

The dissolution on May 1 of the 19-yearold Intra-Orient Marketing Program, a generally ineffective cartel of 20 airlines and 300 travel agents, would have had little significance were it not for the Malaysian airline's fare cut, analysts said.

"This could be the opening bullet," said Wang Wah Lee, an analyst with Development Bank of Singapore Investment Research. Malaysian Airline has been aggressively moving to increase market share since a re-

cent management shake-up, analysts said. In March, its passenger traffic grew by 15 percent, compared with a 1 percent rise at Singapore Airlines Ltd. and a 4 percent rise at That Airways International Ltd.

If the company's price cuts are a success, "then the others will go for a price war," said David Lam, a senior analyst with JM Sassoon. "Although this is good for travelers, it is bad for the industry because they are pursuing fare cuts just to maintain market share and not expand this share," he said.

Mr. Wang of the Development Bank said regional airlines may go for another round of

fare cuts oo tickets sold in Singapore because of the rise of the Singapore dollar against the The last fare cuts by these airlines was in

October 1994. The Singapore dollar has climbed by about

5 percent sgainst the dollar so far this year, after a 10 percent appreciation in 1994.

Analysts said regional air traffic flow had not grown encouragingly this year and that increasing capacity had added to the indus-

The Orient Airline Association - an organization of 15 Asian carriers — increased capacity by almost 11 percent in February, while traffic that month grew just 5 percent. That was the fifth consecutive month wheo capacity exceeded traffic, according to Morgan Grenfell Research in Singapore.

At Singapore Airlines, the overall load factor for the first three mooths of this year dropped to about 62 percent, compared with an average of 70.5 percent for the previous nine mooths. Load factor is the percentage of

seats filled with paying passengers. Analysts said the carrier's declining load factor might be a problem in the longer term, but they predicted the company would announce higher earnings for the year ended in March when it discloses its results Sunday.

### TOKYO — Ricoh Co., Ni-kon Corp. and Asahi Optical Co. said Friday improving economies worldwide had tempted customers to spend more oo new equipment, helping profits and sales rise in the year ended March 31.

Recovery

**Optical** 

Lifts Japan

Companies

Ricoh said current profit, which is pretax, rose 48 percent, to 21.63 billion ven (\$248 million). Sales rose 3 percent, 10 616.58 billioo yen. Ricoh's net profit rose 85 percent, to 13.25 nillion yen.

Nikon said current profit rose 440 percent, to 5.88 billion yen, while sales rose 14 percent, to 229.19 billion yen. Net profit at Nikon rose 465 percent, to 2.97 billion yen.

Current profit at Asahi Optical rose 20 percent, to 1.96 billion yen, but the company had a 3 percent drop in sales, to 69.52 billion yen. Net profit rose 57 percent, to 543 million yen. The three, originally among

Japan's top camera makers, have diversified into areas of business such as copying machines, semiconductor production equipment and medical technology.

chief investment officer at NatWest Investment Nikon said revenue increased because of strong sales of step-But he said Asian markets were supported by pers - machines that imprint layers of electric circuitry onto silicoo to make chips. The company cootrols about half of the approximately \$2 hillion world market for such machines.

All three companies sounded the strong yen.

Ricoh stock closed up 10 yen

### Investor's Asia Hong Kong Singapore 2400 20000 190001 2300 9000 18000 2100 V 17000 8000 16000 7000 D <sup>1950</sup> D J F 15000 D\_J F Exchange % Change Close Close Hong Kong 9,013.32 9.115.72 -1.12 Hang Seng Straits Times 2,158.93 2,163.47 -0.21 Singapore All Ordinaries 1,996.50 2,020.50 Sydney 16,312.56 Tokyo Nikkei 225 16,140.85 Kuala Lumpur Composite 1,019.28 1.011.62 1,323.74 1,344.50 880.40 Seoul Composite Index 876.01 Stock Market Index 5,757.65 5,758.53 Taipei -0.02 Manila 2,745.43 -0.71 Composite Index 457.84 Jakarta Wellington NZSE-40 2,131,39 2,155.79 -1.13 3.327.68 3.276.52 +1.56 Bombay Sensitive Index

### Very briefly:

 Hyundai Motor Co.'s factory in Ulsan was stormed by riot police, who arrested about 280 union workers who had organized an unauthorized strike at the company's largest plant.

 Japan's upper house gave final approval to a supplementary state budget totaling 2.73 trilion ven (\$31.3 billion) for the current financial year to pay for reconstruction after the Kobe earthquake and help companies battling the strong yen. • Kanagawa Labor Credit Union is to get 2.8 billion yen in public

funds to take over the failed Yuzi Credit Union in a bailout organized by Japan's Deposit Insurance System. • Mitsabishi Chemical Corp.'s profit for its latest year rose 142 percent, to 5.4 hillion yen, as sales, helped by a merger with

Mitsubishi Petrochemical, rose 6 percent, to 288 hillioo yen. Nippon Yusen KK, Mitsui OSK Lines Ltd. and Kawasaki Kisen Kaisha Ltd. announced improved earnings for the year to March. despite declining sales and the negative effects of the rising yen.

 Minebea Co., the world's largest maker of miniature bearings, said strong demand for electronic goods helped its yearly profit rise \$2 percent, to 7.49 billion yen. Jilin Chemical Industrial Corp. of China will list shares Tuesday on the Hong Kong stock exchange; 89.3 million H shares will be sold for a maximum of 1.68 Hong Kong dollars (22 U.S. ceots) each.

Great Wall Industry Corp. of China is to launch a third satellite for Echostar Communications Corp. of the United States and a hack-up satellite for APT Satellite Co. of Beijing. Seven Network Ltd. said a special shareholders' meeting called by the media entrepreneur Kerry Stokes will take place July 10. Mr. Stokes, who holds about 19 percent of the TV hroadcaster,

wants two seats on the board; he has been offered one. Daewoo Corp. of South Korea signed a deal to acquire a 51 perceot stake in F.S. Leublin, a Polish commercial vehicle maker, for \$23 million.

### Dr. Rosenthal Corporacion, SA

BWI & CMCL (DE) (BKK) on behalf of DIDACT Kaufmaenische Berufsbildunges, mbH, has arranged the financing of debt Certificates No. 0001 - to 987 & 988 to 2456 in respect of: L'S S 42,000,000 · Interest rate has been fixed at 3.2556 % - Debt Notes will be in U.S.\$ at 67,5554 % - and 54,9798 % Bank - HABIB Ltd./Royal Canadian Bank, Antigua.

# Dow Dampens Asia Markets

HONG KONG - The biggest fall in the Dow Jones industrial average in six months Thursday dragged down most Asian stock markets Friday, although some recovered late in the day to end with only moderate losses.

Key indexes in Hong Kong, Manila, Kuala Lumpur, Scoul, Bangkok, Sydney and Welling-ton finished sharply lower. Many brokers point-ed to the fall on Wall Street, but others attributed the losses to corrections after big gains last week.

The Dow fell 81.96 points, to 4,340.64, in its biggest one-day drop since Nov. 22, 1994. "Wall Street exacerbated a correction that we

started to see in the last days," said John Quinn,

bullish earnings, gross domestic product growth

Management Asia in Hong Kong.

and the prospect of steady U.S. interest rates. The Nikkei 225 average lost 171.71 points, or 1.05 percent, to 16,140.85. In Hoog Kong, the blue-chip Hang Seng in-dex, which had gained more than 1,000 points in two weeks, fell 102.40 points, or 1.12 percent, to

vo weeks, fell 102.40 points, or 1.12 percent, to warnings for earnings in the 013.32.

Singapore's 30-share Straits Times Industrials ends in March 1996, because of index recovered from an early decline to end

down 4.54 points, or 0.21 percent, at 2,158.93. "I would expect New York to cootinue cor- at 755, Nikoo fell 13, to 721, recting, maybe not as sharply," one dealer said. and Asahi fell 4, to 358,

# Bimantara Group to Sell a 20% Stake

JAKARTA - PT Bimantara Group, a

holding company controlled by one of President Suharto's sons, will sell shares to the public in July, the group's board an-

The group hopes to raise just under 300
This group hopes to raise just under 300
Taillion rupiah (\$135 million) by offering
200 million new shares, or around 20 perpent of the company, said Peter Gontha,
an executive of the group.

Bimantara Group has 26 subsidiaries in

hmadeasting telecommunications, con-struction, transportation, automotive investors hoped the public offering would investments. In 1994 the group had consolidated assets of 1.2 trillion rupiah and net profit of 54.9 billion rupiah.

Aircraft Maker Picks Alabama Site Mr. Gontha said subsidiaries would go

public later. The largest subsidiary is the

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private television station PT Rajawali Citra Televisi Indonesia. Another subsidiary, Bima Graha, is a partner in the Indonesian satellite consortium PT Satelindo.

Ownership of the group currently is di-vided among five shareholders. Bambang Trihatmojo, Mr. Suharto's second son, owns 55 percent, and Indra Rukmana, Mr. Suharto's son-in-law, owns 20 percent. Mr. Suharto's children have been ac-

cused of using political influence to build a business empire in the last decade. Didik Rachbini, an economist with the National Planning Body of Indonesia, said investors hoped the public offering would

Aircraft Maker Picks Alabama Site Indonesia's state-owned aircraft maker

has picked Mobile, Alabama, as the location of a \$100 million venture to assemble its new N-250 turbo-prop commuter plane. Reuters reported.

Research and Technology Minister Jusuf Habibie said Industri Pesawat Terbang Nusantara, or IPTN, would sign an agreement with the Alabama state government in Paris in June.

1PTN had listed two U.S. cities, Mobile and Macon, Georgia, as possible sites for

"We believe Mobile city is the best choice based on its incentives for us," said Mr. Habibie, who also heads IPIN.

He said the Indooesian aircraft maker would eventually hold 40 percent of the U.S. venture, to be called American Regional Aircraft Industry, or AMRAI.

### Citibank Theft Nets 7 Arrests

SINGAPORE - Seven people have been arrested in connection with the theft of share certificates valued at about 80 millioo Singapore dollars (\$57 millioo) from a Citibank hranch. police said Friday, A police spokesman said

ooe suspect pleaded guilty in court Friday but had oot been sentenced.

Citibank has assured not suffer financial losses from the theft.

A Citibank spokesman declined to comment.

### (Incorporated as IBC with Limited Liability) Notice is hereby given that "DRC" (Issuer Service)

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# Intelligence From All Over

veryooe knows it's a bluff, but the threat of a trade war between the United States and Japan has made the investment community sil up and take notice. As ever, the interesting questions far outnumber the sen-

against the Japanese yen? What will nap-pen to mainstream share markets in Europe if the greenback strengthens? Will there be another flight of U.S. investment capital from the emerging markets of Latin Amer-ica to parallel the Mexican catastrophe at the turn of the year? And, if so, will this again be echoed in the emerging markets of Asia, which some commentators say are vulnerable as never before to a sudden withdrawal of international funds?

It would be more than ambitious to suggest that all the right answers were forthcoming at the investment conference organized in Zurich this week by the International Herald Tribune and its quarterly fund management magazine, International Fund Investment.

In fact, such a suggestion would probably be dangerous. The only genuine point of consensus to emerge among the financial luminaries assembled at a similar conference 12 months ago was that the dollar was definitely undervalued and that a king was definitely undervalued, and that a big dollar play would be everyone's free lunch for 1994.

So much for the majority view and conventional wisdom.

Nevertheless, this week's conference, entitled "Which Way Are the Markets Moving?," attracted speakers with interesting and often conflicting views. Much of the information and many of the direct quotations in this week's section were gathered at the conference. The intention is to bring our readers, through some of the best contemporary analytical thought, a snapshot of the world's markets at a particularly critical time.

# FIRST COLUMN Stronger Currencies May Weaken the Case for Bonds

By Baie Netzer

AD Chicken Little warned of a particular currency falling rather than the sky, he might well have caused more panic and he would certainly have found a more receptive audience. Financial assets, after all, can appear much more complicated than the heavens, and in the event of a collapse. your situation depends on what you own and how you're hedged.

Take, for instance, two identical pools of bonds, structured to mirror an international bond index, that were purchased separately five years ago by a Japanese and an Amersible answers.

For example, is the dollar finally reaching the bottom of its long, painful drop against the Japanese yen? What will hap-worth \$215 million, according to Andrew Skirton, managing director of BZW In-

vestment Management Ltd. in London. In contrast, an initial investment of 100 million yen would be worth only 82 million yen today, an 18 percent decline.

"That just shows the extent of how the appreciation of the yen has undermined bond markets," says Mr. Skirton. "There's a reason Japanese investors are conservative and have parked their money in domestic bonds.

The Japanese may soon be joined by other fixed-income investors who have found the recent currency crisis and its impact on world bond markets confusing and unprofitable. After spectacular returns in 1993, world bond markets slipped 3.8 percent last year, according to a Salomon

Brothers index. But while the correlation between many bond markets became evident last year. "the risks still don't outweigh the benefits

of diversification," argues Mr. Skirton.
One thing is certain; Individual investors must weigh currency considerations heav-ily before investing in international fixedincome instruments. Though a "strong" currency sounds to most ears like a good thing, the 40 percent real appreciation of the yen since the beginning of the year "has to damage the country's stability and chief economist at Deutsche Bank Group

in Frankfurt.

'The outlook is quite good and the stage is set for a prolonged period of dollar strength," Mr. Flight says. and price/earnings ratios on stocks are Walter says. Because he believes that the company Federated International Manage-M.B. political stability to shore up these risks is ment Ltd. in Paris. He argues that the long-

Page 17 Risk and reward in Latin America Why emerging Asia deserves a look What's hot in the United States

lacking, Mr. Walter argues that a considerable "counterparty risk" also exists for governments and international corporations doing business with Japan. That, in turn, affects international bond markets.

"The implication for the world at large

The outlook for base metals

is that people go short, they pile up on liquidity." he says. To avoid a continued repatriation of Japanese capital, which would further drive up the value of the yen. he suggests the United States sell yendenominated Treasury securities to attract private and institutional Japanese in-

Though the Deutsche mark is another recent climber in world currency markets. Howard Flight, joint managing director of Guinness Flight Global Asset Management Ltd. in London, has a less favorable long-

He says a number of domestic problems are likely to undermine the Deutsche mark: a manufacturing-biased economy that is weak in the service sector, high labor costs which make Eastern Germany unattractive for direct investment compared with its Eastero European neighbors, a probable increase in unemployment, a costly social service system and wage pressures.

With the shortest working hours and the longest holidays, the German work ethic appears to me to be ebbing." Mr. Flight says. Given the recent strength of the Deutsche mark, however. Mr. Flight ootes that short-term capital flows can buck longer-term trends in interest rates and currencies, even if the longer-term trends reflect the fundamental state of the un-

derlying economy.

As illustration, Mr. Flight points to the beaten and berated U.S. dollar, which before its recent rebound had fallen 15 perstructures," according to Norbert Walter, cent against the Deutsche mark in the past two months.

But a more bearish view is expressed by about twice the level they should be, Mr. John Hamrock, a vice president at fund

term depreciation of the dollar against the Deutsche mark has signaled an enormous transfer of wealth from U.S. children to

Europe's children.

"U.S. consumption is high, savings are low, and there is a lot more focus on tax cuts and shifting the burden of services than on deficit reduction." Mr. Hamrock says. "It is not yet clear to us that our polincians are

truly ready to bit the bullet.

While Mr. Flight and Mr. Hamrock are divided on the U.S. dollar, Mr. Skirton of BZW says he expects the Canadian dollar to be the world's strongest currency over the next six months. With the Canadian budget deficit on the decline, the outlook in the Canadian bond market is strong and the 'currency is as cheap as chips," he says.

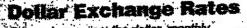
In the European fixed-income markets, In the European fixed-income markets, Mr. Skirton points toward the French and Danish bond markets. While he is oot expecting any "fireworks" in Europe, it is possible for some European bond markets to offer yields 3 or 4 percentage points above German bonds, he says.

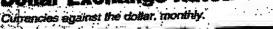
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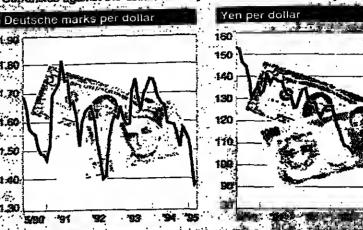
managing director of Trust Company of the West in Los Angeles, touts the \$1.7 trillion mortgage-backed securities market, which currently accounts for 30 percent of the \$4 trillion U.S. fixed-income arena.

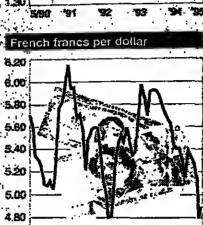
He points conservative investors toward shorter-term adjustable-rate instruments. He recommends investors with a longertern horizon investigate deeply discounted collateralized mortgage obligations likely to be called a par in the next 6 to 12 months. They currently sell for 30 to 60 cents on the dollar,

But Mr. Hamrock of Federated Investors warns of a reversal in the coming weeks or months of the U.S. bond rally that started in











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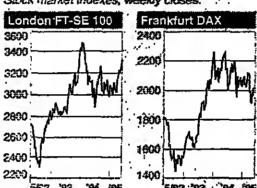
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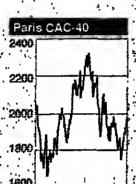
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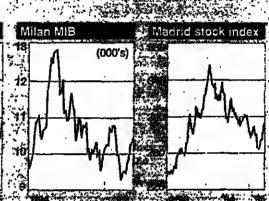
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THE WORLD'S DAILY NEWSPAPER

# Jury Is Divided on Best Bets in Europe

NTERNATIONAL inyear has been at best indifferent funds. for European share markets.

Although Europe has pro-duced some erratic share performances, the weakness of the U.S. dollar, especially against the French franc and the Deutsche mark, has boosted greenback investors' returns. Investors in the French market year last week as it greeted the to 10 years." arrival of a conservative president, Jacques Chirac.

opportunities lie in Western Europe and the emerging, former-ly Communist economies of the

Alan Albert, senior manag-

0171-865 0800

Global Asset Management in in determining the level of Euvestors who do their reck-ropean markets in recent years

Mr. Albert believes that the

"Global capital flows mean volatility and action comhave done well: In addition to a strong currency, the Paris Bourse rose to its high for the

trend among big U.S. mutual and pension funds to invest outside the United States will continue, and that this will have a radical effect on European mar-

But opinioo is sharply divided as to whether that kind of the markets. Talal Shakerchi, performance can be sustained European portfolio manager for drawback.

Old Mutual Portfolio Mangers "Liquid" able interest-rate movements.

Deutsche mark on the foreign exchanges and keep inflation oning in dollars may not has been the gigantic sums of low. Low German money suphave noticed it, but this money invested by U.S. mutual ply growth and weak consumer demand are very much in favor of lower rates."

Mr. Shakerchi also identified investor sentiment toward quality stocks, harmonization of financial reporting standards, and the tendency of aggressive-ly managed European compa-nies to cut back their labor forces as important driving

forces for European shares. Rory Landman, a director of Others, bowever, take the team, identifies some exciting view that more orthodox eco- possibilities in the lesser denotes a significant practical

"Liquidity is very low in Ltd., believes that European many emerging European mar-markets will react to well-rec-kets, and it's difficult to invest ognized stimuli such as favor- more than small amounts without moving markets signifi-"I expect German rates to cantly," he says.

"The Bundesbank's priorities risk-reward ratio as com-London, argues that a key factor are to protect the value of the pellingly attractive. Moreover, Mr. Landman views this month's announcement by General Motors Corp. of its intention to do business in Poland as the most significant econom-

ic development in emerging Europe for years. Colin Kingsnorth, chief executive officer of Regent Kingpin Capital Management, a company specializing in investing in Russia, also recognizes the difficulties of investing in

immature markets. "People have already made and lost fortunes in Russia, and Baring Asset Management's the market's only been going emerging Europe investment for 18 months," he says, citing fraud, the inaccuracy of govcomment economic statistics veloped markets of Europe but and high inflation as just some of the hazards.

But Mr. Kingsnorth argues that with more than 90,000 privarized companies and an estimated market capitalization of some \$20 billion, Russia is an investment opportunity not to be missed.

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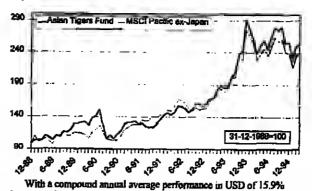
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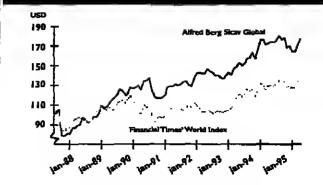
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The equity fund, Alfred Berg Sicav Global, showed an increase in net asset value of 77 %, compared to the increase in FT World Index of 38 % (in USD), from the fund's launching date August 7th, 1987 to April 30th, 1995.



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### Baring Global Resources **Fund**

Asser Allocarion as at 28.4.95

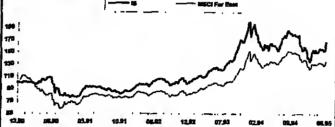
reces from countries outside the OECD is eso arion brings increased wealth in economies and drives the

Baring Global Resources Fund (hunched December 1994) invests in co

orther information, and details on how to obtain 2 prospect renders financial adviser or Burings on (44) 171 214 1726.



Inter Strategy South East Asia



Inter Strategy is an equity umbrella fund, created by BNP in December 1989, It is made up of 10 sub funds, each one invested on a specific country or geographical zone. Countries represented in Inter Strategy's various sub funds cover almost 95% of total world-wide market capitalisation. This South East Asia fund can invest on all stock exchanges in this zone i.e.; on

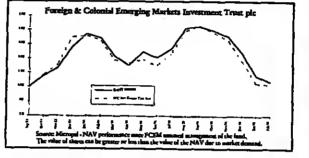
markets "close to maturity" such as Hong Kong or Singapore, as well as on more "junior" markets (Korea, India, China, etc.). The investment objective is to maintain a large diversification within the portfolio so as not to limit the exposure to only a few markets, thereby reducing the

Renewed interest for South East Asia equity markets.

As can be seen by their performance in 1993 and 1994, the Asian markets are volatile on the one hand and dependent on US interest rate trends on the other. Having suffered from the repercussions of the Mexican crisis at the beginning of the year, which led to a lack of investor confidence on all the emerging markets, me year, which led to a lack of investor considerce on as the emerging markets, most markets in this zone rebounded thanks to the improvement in the US bond market and now post a positive performance compared with 31/12/94. With growth still considerably stronger than other world-wide economies (GDP: around +7% expected on average in the zone for 1995) this trend should continue provided no inflationary pressures arise in the US, supported by attractive valuations (weighted PE levels back to 1990 levels).

Since its creation the fund has outperformed the "Morgan Stanley Far East exclapan" index by more than 18%.  $_{\it L}$ 

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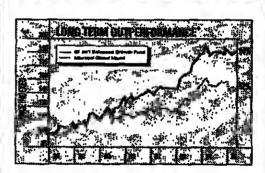
The Foreign & Colonial Emerging Markets Investment Trust plc objective is to secure for shareholders long-term growth in assets per share through a diversified emerging markets portfolio, FCEM currently follows a rapidly increasing universe of 41 economies, with a combined market capitalistico of over US\$ 2 trillion.

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or capital gains.

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oliters a wide range of investment possibilities designed to meet our investors' different requirements about object, risk and time

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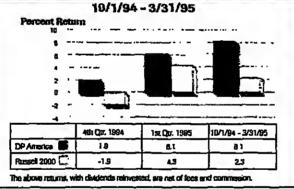
Tel. 1445 33 78 78 01, fax: 445 33 78 78 11.

Tel. 1445 33 78 to the Plantick Shatchild Supersings Authority. This is to

lysk invest is supervised by the Danish Financial Supervisory Authority. This is to ensure that the assets are managed in accordance with the funds' Articles of Association that the relevant Danish statistical provisions, which here been adapted to the EU Directive concerning undertakings for collective investment in transferable securities. W. W. All Parks and the Control of t

### DP America Growth Fund

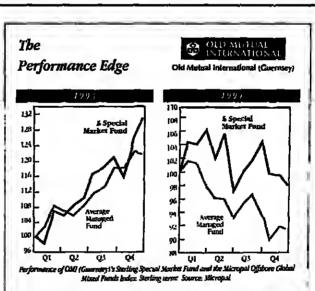
a U.S. Small Caps Fund



DP America Growth Fund, a MeesPierson Capital Management investment fund, was establised in 1985. The Fund invests in small U.S. companies with distinctly above-average growth potential in the long term. The companies are selected on the basis of fundamentals such as above-average earnings per share, high return on equity and

Our local Fund managers have embraced the low P/E strategy, due to its strong returns in recent years, particularly for small U.S companies. Since the beginning of the fourth quarter of 1994, the starting point of the adopted low P/E style, the Fund has significantly outperformed the market. Although past performance no guarantee of future performance, DP America Growth Fund is expected to continue this outperformance in the long term.

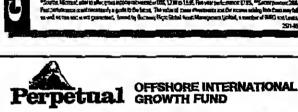
MeesPierson Capital Management in Amsterdam, tel +31 20 527 4871 For further information please contact:

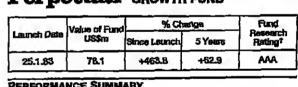


In such conditions, the flexibility of the Special Market Fund and the skills of Old Mutual Portfolio Managers gave us a valuable culpe. With the ability to move freely between assets equities, bands, cash - and markets, 1994 saw the Fund make a well-timed retreat to a more defensive position. We couldn't make a silk purse out of a sow's ear, but our ability to make the

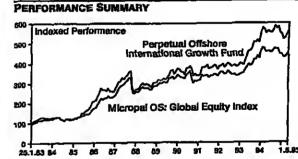
If you think a Fund with this ability (and an appropriately impressive long-term track ecord) could be of inverest, please contact our Helpdesk on (+44) 1481 700450.

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PERFORMANCE SUMMARY



GENERAL INFORMATION ON PERPETUAL UNIT TRUST MANAGEMENT (JERSEY) LIMITED

Offers 10 offshore Funds investing worldwide (Minimum)

Investment: US\$2,000) Stoce launch a Funds have achieved top quartile performance

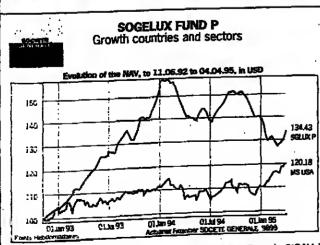
Over the last five years, 5 out of 6 Funds have achieved top quartile

Offshore Portfolio Management Service, based on Fund range, also available (Minimum Investment: US\$150,000)

All statistics are to 1st May 1995, on an offer-to-offer, US Dollar basis including reinvested income, net of withholding taxes (source: Micropal).

† Fund Research Ltd is a leading independent qualitative research company.

For further information please 'phone Marion Buchanan on +44 (0)1534 68448, or send her a fax on +44 (0)1534 38918.



and institutions.

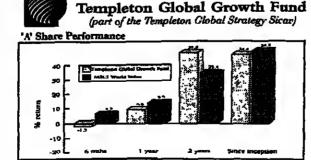
Since 1987, the Société Générale Group has been offering a Luxembourg mutual fund, SOGELUX FUND, today composed of 18 compartments with a total NAV OF USD 570 million.

SOGELUX FUND includes:

SOGELUX FUND includes:
9 bond compartments specialized in countries or geographic areas (USA, Japan, Europe, Germany, France, UK, Belgium, Spain and Italy) and denominated in the matching currencies, and Italy) and denominated in the matching currencies, I diversified world bon compartment denominated in USD.
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instruments,
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Short term compartments denominated in French Franc and in ECU.

Sogelux P is equity orientated fund invested principally in emerging markets and in small and medium sized growth stocks in mature markets.



Seeks long-term capital growth by investing in equity related issues of companies and governments of any nation. The base currency is US COMMENTS

The fund has seen a healthy inflow of cash over recent months and has been cautiously lovesting this new morey. As reported in previous months, the fund has now stopped adding to its holdings in the more cyclical sectors such as paper, chemical and metal stock areas following good performance from many of these stocks. A oumber of small reductions have been made in this area in response to changing company valuations but these stocks still represent a good proportion of the fund. Value continues to be available in the pharmaceuticals and food retailing sectors. The general characteristic of companies in these sectors is that they are strongly cash generative. It is expected that representation in this area will continue to increase. In general, investor sentiment remains fairly downbest: this is a better environment for investing since it is only when most investors are pessimistic that you can find outstanding bargains.

investors are personneste that you can this offishanding bargain. This bulletin, issued by Templeton Investment Management Limited. Regulated by IMRO and The Personal lavestness Authority and a member of the Templeton Marketing Group, Saltire Court, 20 Castle Terrace, Edinburgh EH1 2EH. Tel +14 131 469 4000, Fax +44 131 223 4506. Past performance is not necessarily a guide to the future. The value of this investment and the income arising from it may full as well as rise and is not guaranteed.

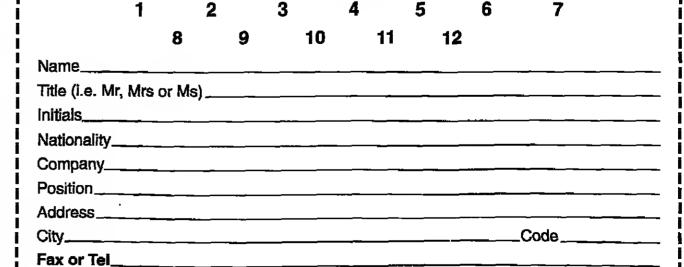
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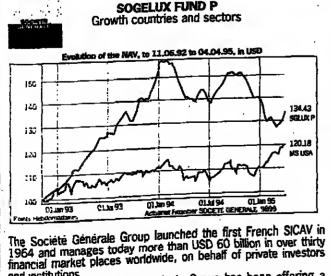
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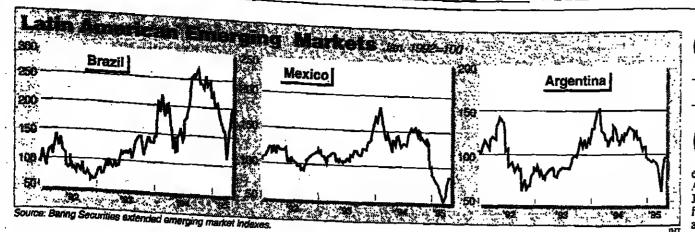
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### THE MONEY REPORT



# Latin America: Diamonds in the Rough

By Judith Rehak

OU can hardly blame even intrepid investors for shying away from Latin America right now. Stock markets in Mexico, Brazil and Argentina are still reeling from the "tequila effect," or spillover from the precipitous devalua-tion of the Mexican peso in December. These markets are down as much as 40 percent.

Yet investors who have braved Latin America for years maintain that the region's long-term growth story is still solid. Politically, investors have been cheered by the re-election

of President Alberto Pujimori of Peru and, just last week, President Carlos Saul Menero of Argentina. Both men have instituted tough economic measures that have delivered stable currencies and tamed rampant inflation, and in doing so they have gained widespread approval in their home countries and abroad.

Latin America also offers some of the best opportunities for emerging market investors, claims Peter Gruber, president of Latinvest Management Corp. in Berkeley, California.

Market valuations are about half that of the Far East," Mr. Gruber says. At the same time. per capita income in Asia is only \$720 annually, and in Latin America, it's \$3,355," he adds.

Mr. Gruber also sees Mercosur, the trade bloc covering better than anticipated, most Brazil, Argentina, Uruguay and experts remain on the sidelines. like Electrobras, a utility, and says. "That's realistic."

revent

people, as a tremendous plus that will drive industries like car production in Brazil, now at about Mexico's draconian aus-5 million units a year in six years. "China won't be at that point until 2015," he says.

Another theme throughout

run government companies.

in government companies. that," says Terence Mahony, In 1993, the Argentine oil chief investment officer for

Paraguay and their 200 million "Mexico is dead money for Vale do Rio Doce, a mining and now," says one. There are deep concerns

ing the spending power of the Latin America is the success of half. "What worries me is the the privatization of inefficiently social-political backlash from

Markets are promising but volatile, so one expert says a three-year investment time frame is 'realistic.'

set Management.

Mr. Gruber, for his part, has a

substantial stake in Brazil, with

shares in Telebras, the coun-

try's phone company, and

Usiminas Mecanica, a steel

manufacturer, as well as in

companies in energy, banking,

Mr. Mahony calls Brazil "a conundrum." He says he is

convinced that Domingo Cav-

allo, the finance minister, is se-

rious about economic reform,

but that expectations for quick

with 45 percent a year ago.

and food and beverages.

company YPF reduced its work emerging markets at HSBC Asforce after privatization to 7,500 employees, down from 51,000 in 1990, accompanied by a near-quadrupling in productivity per employe

Shares in privatized phone companies throughout Latin America also have been the darlings of foreign investors, reaping healthy returns in Chile. Mexico and Argentina.

But does all this mean that investors should be getting ready to return to Latin America sometime soon? Not necessarily.

Mexico, by all accounts, remains the highest risk. Even though the stock market has rallied, and first-quarter earnings frem Mexican companies were

transportation company.

even more caurious on Argenn-2 million units annually, to 4 to terity program, imposed by the na, which teetered on the edge government of Presideot of a banking crisis earlier this Ernesto Zedillo, which is slash- year when frightened local and foreign investors withdrew their deposits after Mexico's peso devaluation. risk is not currency devaluation but economic slowdown. A lot

> Elsewhere, the tiny Peruvian stock market is attracting attention because of the country's phenomenal recovery under Mr. Fujimori.

of money left the country.

Latin America experts are

One investor observed: "The

Peru's inflation, once an astronomical 7,000 percent annually, is now around 10 percent to 12 percent. Terrorism is lapse of the Mexican peso, at its lowest ebb in years, and many fund managers have privatization is under way.

Foreign investors bave been buying stocks in Peru's mining sector and the country's telephone company, although Mr. Gruber warns that shares are 'fully priced, so there's not much room for a hiccup.

Other investors say they only feel comfortable in Chile because of its solid financial footing and strict economic and currency controls that have made it a model for economic reform in the rest of Latin America.

For individual investors who reform may be too high and insist on jumping in now, Mr. may rekindle inflation, now at Gruber has one last piece of 1.8 percent a mooth compared advice: Judge your investments over a three-year time frame to But he gives Brazil the benefit account for any volatility.

That's oot optimistic," he of the doubt, holding blue chips "That's oot optimistic,"

# **Currency Questions Hurt Asia Markets**

By Kevin Murphy

VERSHADOWED by currency volatility collapses in emerging markets elsewhere in the world, many of Asia's stock markets outside Japan have lost none of their fundamental appeal, fund man-

agers and strategists say. Yet the timing of recovery in international investor sentiment remains elusive, giveo the yen's recent might, U.S. investors' willingness to venture abroad again and concerns that a global capital shortage will slow Asia's steady growth. When Hong Kong and

Wellington are among the Asia-Pacific region's best-performtog stock markets, it is a clear sign that Asia's proven highgrowth potential no longer translates directly into portfolio performance.

In New Zealand's case, a strengthening local currency, strong growth and low inflation have inspired equity investors' confidence. In Hong Kong, the market is running strong based on the belief that it couldn't get much cheaper after a disastrous

But what about everywhere else in between?

Spooked by the sudden colmany fund managers have turned their backs on emerging markets wherever they might be. Any country with a currentaccount deficit — more money going out than coming in -- and an unfamiliar currency is sud-

Emerging countries tend to dollar-linked currencies would but we are not talking about a have current-account deficits," said Stephen Swift, head of global equities with Credit Suisse Asset Management Ltd. It all depends on how that deficit is comprised.

'Current-account deficits can be tolerated if it means a country is investing in new productive capacity." said Mr. Swift, noting investors' overall preference for long-term direct investment over "hot money" flowing quickly in and out of portfolio investments such as equities and bonds.

There are differing degrees of dependence on current-account deficits to fund the strong growth seen throughout Asia outside Japan. Bin almost all countries in Asia compare favorably with Mexico and the other Latin American markets. where stock exchanges were hammered by foreign investors after the peso collapsed.

Asia has been far better at

steering foreign capital into productive capacity than Latin America as a whole, according to experts. At the same time, it has managed to keep inflation low and improve productivity despite the capital inflows. Many money managers were

forced to liquidate Asian positions to pay for heavy redemptions on mutual funds that straddled Latin America and Asia as the Latin American markets melted down.

But just when the markets began to settle, a new blow in the form of the U.S. dollar's rapid deterioration against the yen arose to worry investors. Concerns that countries with

be uncomfortably squeezed by the fact that they had borrowed However, according their export income in dollars

investors' minds.

meots A higher yen might mean higher inflation for countries dependent on Japanese capital goods imports, but as Japan's own exports lose in compettriveness due to the yen's appreciation, most Asian countries stand to benefit.

For direct competitors such as Korea and Taiwan, a straightforward substitution process is now underway in categories of goods where a clear quality or marketing advantage as been maintained by Japan.

Other countries stand to benefit as Japanese companies are forced to utilize cheap foreign labor to remain competitive, accelerating a process that has been behind much of non-Japan Asia's growth in recent years. 'Overall we have every rea-

son to be confident in most of these markets," said Mr. Swift of stock exchanges from South Korea to Singapore. "These markets are becoming major markets, and the choice of investments in Asia continues to

"In 1995 we see in individual countries some signs of peaking earnings momentum," he said. "They may slow down,

However, according to Mark in yen - but earned much of Faber, a Hong Kong-based investment analyst. Asia's glory - brought a new worry into will be more subdued in future years, given its own need to While many Asian countries invest heavily in infrastructure have sought some form of debt and high-tech manufacturing at relief from Tokyo on long-term a time when U.S. import growth borrowing denominated in yen, may slow and global compemost countries appear to be tition for capital is poised to coping well with the added pay- intensify.

"Asia has for the first time become dependent on foreign capital for investment and it's happening at a time when the need for capital elsewhere is rising," Mr. Faber said of areas like Eastern Europe and Russia. which are now more likely to be able to attract investment than a few years ago.

In Tokyo the situation is far more confused in the near term. With Japan and the United States apparently set to square off in a trade war but no signs of lasting currency stability on the horizon, strategists quickly divide on the next step forward for Japanese equities. Nicholas Knight,

managing director and head of strategy for Nomura Research Institute Europe Ltd., has predicted that Japan is beaded for another recession on the back of the yen's damage to economic recovery. As such Japanese equities are no place to be in coming months, based on a pessimistic view on currency strength There is no mechanism

now with which Japan can recycle its trade surpluses," Mr. Knight said. "And that is causing serious difficulties.

# Asian Emerging Markets in 1992-100.

# Bargain-Hunting on U.S. Exchanges

THE U.S. stock markets stayed in record tentiony last week, buoyed by sharp rises in corporate profits for the first quarter of the year and by a growing body of evidence that do-mestic inflation will remain subdued for

But with the Dow Jones Industrial Average and Nasdaq small-capitalization composite index climbing steadily, some observers are saying that the markets are too expensive, and that it's too late to get in. Not by a long shot, says another camp of

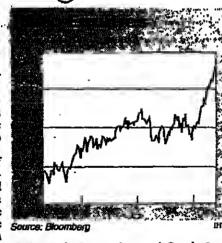
analysts. These market bulls don't necessarily agree on where investors should place their bets right now, and all have some caveats. But they argue that the movement of business cycles and some fundamental changes in corporate America portend continued high performance by

"Small-cap stocks in the U.S. are the place to be if you're willing to take some extra risk," says Donald Pitcher, manager of the MFS International U.S. Emerging Growth Fund.

Small company stocks tend to run in cycles of about seven years, and Mr. Pitcher gives the current market upturn, which started in late 1990, at least three years to go. He notes that the recent declines in U.S.

interest rates and low inflation have also created an ideal climate for small com-"It's especially true in high-tech stocks, where earnings are exploding," be added. His fund, which is up 12 percent this year,

has a hefty 42 percent stake in technology Mr. Pitcher's picks must have at least a 20 percent growth in annual earnings, be major players in their markets, and have managements with a personal stake in the



design software market, and Oracle Systems Corp., a maker of software for clientserver computers, growing at 35 percent a companies.

Only an upturn in inflation could burt these stocks, Mr. Pitcher maintains, adding that he doesn't see that as a threat. Mr. Pitcher also sees buying opportu-

nities in health maintenance organizations. or HMOs, whose prices have been beaten down by uncertainty over health care re-

His rationale for owning companies like United Healthcare Corp. and Mid-Atlantic Medical Services Inc. is that no matter what the changes are in health care, the inevitable cost-cutting will favor HMOs. Not all stripes of small company stocks and capital equipment. make the experts' buy lists right now, how-

Mary Lisanti, managing director of the global investment management group at Bankers Trust, is bullish on small companies in many sectors.

However, she is less than enthusiastic on modestly valued. Among his current favorites are Au-todesk Inc., which owns 70 percent of the she puts it, the American consumer market

Lisanti maintains that many small banks will only produce good returns for their investors if they are bought by larger

Ms. Lisanti also warns investors to pay more attention than tisua to meir smail company stocks, which can be notoriously volatile.

She also advises not to hesitate about bailing out: "The key is to have a sell discipline," she says, "Don't marry your

Mr. Pitcher agrees. If he sees anything slipping, "I'm out in a day," he says. For investors who prefer less volatility and more familiar names, there are other market last year, according to opportunities in the United States right now, according to Walter Downey, portfolio manager of Fidelity's World Fund, which owns shares primarily in big U.S.

TE points to the profits being available on the London Metals market. reaped by companies that have cut costs, applied technology and increased productivity, making them the low-cost producers of everything from aircraft and steel to paper products.

For investors looking to gain the full benefits of this trend, Mr. Downey favors three "early-stage restructuring" companies: Xerox Corp., Exxon Corp. and General Motors Corp. Mr. Downey also likes sectors which are "underowned" by U.S. fund managers, such as defense, energy

and capital equipment.

Mr. Downey also finds U.S. banks a "fascinating group." He points out that changes in banking laws, which are driving reorganizations, favor institutions like Citicorp, Bank of New York and Core States Financial, which be deems only

# Institutions Take a Shine to Base Metal

By Bate Netzer

oonacai mportance of oil, but as exchange-traded commodities they are proving increasingly to projected gross domestic popular among institutional investors.

These investors, among them banks, pension funds and multi- metal prices will rise 6 percent national corporations, pumped \$26 billion into the base-metal an estimate from Prudential Bache (Futures) Ltd. in London. Exchange-traded derivative products on base metals such as aluminum, zinc, tin, nickel, lead and copper are Exchange, the 9th largest exchange in the world.

"Traditionally, the exchange was used as the classic hedging facility for producers and consumers, or people making and taking delivery." explains John King, a Prudennal executive. Currently, however, institu-

tional investor participation has risen to 25 percent of the market, belped in part by the rally in base metal prices last year. That price rally stemmed in

part from agreements between Western producers and the nanons of the former Soviet Union. In exchange for those countries' curtailing the amount of base metals they bring onto the market, Western producers have promised to transfer technologically advanced production techniques to their competitors in the

An increasingly varied selection of base metal financial products have also boosted their popularity among institutional and wealthy private investors. Futures trading in base-metal indexes or in baskets of base metals trebled last year, largely pushed by the funds sector.



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gets more and more involved in base metals extremely volatile producers or end users of the products like indexes and bas- and hard to get out of, notes Mr. metals. The resurgence in base-ASE metals may not kets, it becomes easier and eashave the glamour of ier to generalize about base. King.

Another risk involves the curred through "basic, vanilla, gold and silver or the metals as an index class, says agreements with the former So- exchange-traded products,

base metals can largely be tied ments are not being followed to product growth in Western countries, Mr. King said. The accepted estimate is that basefor every 1 percent increase in

Though that may sound like a guarantee for success, a pullback in base-metal prices dur-ing the first quarter of this year has already occurred, and in-stitutional investors appear to have slowed their rush into the

The risk of a further market exit from institutional investors is one of the dangers for those considering a position in basemetal futures. In addition, investors searching for good liq-



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TeL +41 171 355 1096 Fax: +44 171 495 3017 HONG KONG - BART DEKKER LLM 24th Floor Bank of America Tower, 12 Harcourt Road, Hong Kong Tel: +852 25220172 Fast +852 25211190 USA - KEVIN MIRECKI Attorney-at-Law 3501 Jamboree Road, Suite 2100, Newport Beach, CA 92660 Tel: +1 714 854 3344 Fax: +1 714 854 6967

ALL CREDIT CARDS ACCEPTED

As the institutional side uidity may find a downturn in products are more often used by

For instance, the outlook for some evidence that those agreethe letter," acknowledges the complex derivative market Michael Purdy of Prudential may also look to the shares in Securities' New York office. 'But that's largely already been discounted into the prices.

Structured or over-thecounter derivative products are base-metal prices, but these ny," he says.

Mr. King says Investors who wish to dabble in base metals but want to avoid base-metal mining companies. Indeed, the return on these shares can exceed the price increase in the underlying metal.

Mr. King says.
The catch? "You have to also available to make a play on pick exactly the right compa-

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### BRIEFCASE

### Jersey Allows **Limited Partners**

Venture capitalists seeking to combine the tax advantages of an offshore incorporation with the flexibility of a limited parmership now have one more place they can go.

A recent change in Jersey law provides that limited partnerships can now be established on the island.

Among other things, the change means that companies in need of venture capital, such Ecu. as emerging biotechnology companies or management buyout firms, can use the Channel Island to take advantage of a corporate structure that particularly favors such companies.

200

pinvestors whose liability for bidden to take part in management. That role is reserved to bond plans are already out the general partners, who have there, and investment advisers unlimited liability.

A spokesman says the Jersey

over similar legislation in other jurisdictions.

**Guide Tells All** 

**About New PEPs** One of the most popular investment vehicles on the U.K. Limited partners are passive market is the personal equity plan, or PEP. In their newest debts and obligations is limited permutation, PEPs based on to the amount of their contri- corporate bonds are expected to butions but who are legally forthis summer. Three corporate

law offers several advantages sustainable, high income to-

For one thing. Jersey limited

each partner being separately ments, a London financial ad-assessed for tax. This means visory firm. that each limited partner can identify any losses incurred, against his own income for tax PEPs.

kept in any currency, even the switch into the new corporate European Currency Unit, or

say demand is high.
"A lot of our clients require

gether with stability of capital. and they are already showing considerable interest in the new partnerships will be treated as PEPs," says Roz Barder, an fiscally transparent," with editor at Chase de Vere Invest-

To help sort things out,

Chase de Vere has just pubwhich he may be able to set lished a guide to corporate bond For another, accounts can be holders will be tempted to

The firm believes many PEP bond instruments because of the attraction of high income.

e de formation de la company d

The guide is available free of charge by calling London, (0800) 526-092. The Money Report is edited

being is: Wait and see," Ms. Barder says. "The market is

still digesting the rules, and the

product providers are already

showing wide variations in

their approach. It's clearly go-

ing to be a very competitive

market with lots of opportu-

by Martin Baker "But our advice for the time

nities."

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PITTSBURGH - Even withlead is safe against the Pittsburgh Penguins. Especially when the Washington Capitals hold it.

Goaltender Ken Wregget again made the difference in a Game 7. stopping 33 shots as the Penguins

### NHL PLAYOFFS

completed their second comehack from a 3-1 deficit in four years against Washington with their 3-0 victory Thursday night.

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The Penguins next meet the New Jersey Devils in the Eastern Conference semifinals here Saturday. The Penguins eliminated the

Games 3 and 4, became only the 13th NHL team to blow a 3-1 series lead. And they are the only team to do so three times.

"I don't look at it as they choked, but that we won," said Kevin Stevens, who set up Pitts-burgh's second goal. We just kind of hung around long enough" and "we found a way to

The Capitals also couldn't hold such leads against the eventual them. Their best chance probably Stanley Cup champion Penguins in 1992, and the New York Islanders in a 1987 collapse finished

cis scored first-period goals and the Penguins, who twice rallied out Mario Lemieux, no playoff from two-goal deficits at home earlier in the series, made just such a lead stand up behind

And the second of the second o

"Once they had us 3-1, I think they were planning to put us away a lot earlier than Game 7." Wregget said. "Maybe it got us focused. We didn't panic and there was no dissension."

Wregget, yanked for the rusty Tom Barrasso during Pittshurgh's two blowout losses at Landover, Maryland, stopped all but one of the Capitals 64 shots in the final two games. Their only goal after a 6-5 loss in Game 5 came with Pittshurgh up by 7-0 in Game 6. Devils in 1991 and 1993.

Washington. only one victory away from eliminating Pittsburgh after consecutive 6-2 victories in

The Capitals got a solid game from suddenly steady goaltender Jim Carey, who stopped only 7 of 13 shots in Game 6, but they couldn't solve Wregget or Pitts-burgh's suddenly tightened-up

defense. The Capitals outshot Pittsburgh 33-18, but few of the scoring chances were particularly good, and they couldn't get to Wregget even when they got came when Peter Bondra, the NHL regular-season goal scoring leader, was stopped point blank off by a four-overtime Game 7. on a breakaway with three min-Norm Maciver and Roa Fran- utes left.



Ron Francis (second from left) scored and Pittsburgh's fans sensed capitalation.

# Timely Homer Benefits Texas

On a night when 18 home runs were hit in American League parks, Rusty Greer, Mike Macfarlane and Jon Nunnally hit the most timely ones.

Pinch-hitter Greer's grand slam in the bottom of the eighth gave the Texas Rangers a 6-2 victory over the Milwaukee

### AL ROUNDUP

Brewers. Macfarlane, too, connected in the bottom of the eighth as Boston beat Cleve-land. Nunnally's homer in the bottom of the 14th gave Kansas City a victory over Scattle.

"It's a great feeling," said Greer, who gave the Rangers their fourth straight victory and the Brewers their fifth straight

Greer was pinch-hitting for Jack Voigt, who was acquired Tuesday from Baltimore and hit a bases-empty homer in the seventh to tie the score. Manager Johnny Oates played the lefthanded Greer against the right-handed Mark Keifer because the Brewers were out of lefthanded relievers.

Red Sox 4, Indians 3: Macfarlane's homer was his sixth of the season and his fourth in the last five games. He moved into the eleanup spot for Boston because Jose Canseco went on the disabled list Wednesday.

Carlos Baerga went 3-for-4 and drove in two runs for the Indians, but he botched a double-play ball in the sixth that allowed the Red Sox a 3-2 lead.

# Disney, Just Ducky in NHL, To Up the Fun With Angels

Los Angeles Times Service

ANAHEIM, California - The Walt Disney Co. and the California Angels announced that the entertainment giant has agreed in principle to buy a 25 percent interest in the baseball team, with an option to purchase the rest "at a later date."

"When the deal is consummated, Disney will be the managing partner and run the day-to-day operations of the baseball club," Richard M. Brown, the team's president and chief executive officer, said Thursday.

Completion of the deal is subject to the approval of the other major league owners.

The Angels have been for sale for more than a year. As recently as May 5, Peter J. Ueberroth, the former baseball commissioner and president of the Los Angeles Olympic Organizing Committee for the 1984 Games, was considered the front-runner.

This will be Disney's second foray into big-time professional team sports. It bought an National Hockey League expansion franchise in 1992, and named the team the Mighty Ducks, after a Disney movie. A more recent Disney movie. "Angels in the Outfield," featured the California Angels.

The Disney touch applied to professional hockey has meant an emphasis on entertainment beyond the game itself, and will be extended to the baseball team.

"We will create a number of concepts to develop synergies between the Angels and various Disney entities, including Disneyland and the Mighty Ducks," said the Disney an-nouncement. "And we plan to create a total entertainment experience for baseball fans just as we have for hockey fans."

The Red Sox won their fifth straight, putting them a half-game behind Philadelphia for best record in the majors.

Royals 3, Mariners 2: Nunnally, who entered the game as a pinch-hitter in the 10th, res-FLORIDA—Stoned Theren Truttt and Kumandoc Miller, sufficients to minor lessue controcts; essigned them to Martins' minimum.

They left 23 men on base, with 14 in scoring position and six at third base.

Angels 15, Twins 9: Reserve catcher Andy Allanson homered twice, drove in six runs and went 4-for-5 to raise his

in eight innings.

average from .048 to .192 as er and the go-ahead run in the California won in Minneapolis. sixth on a balk by David Wells.

SCOREBOARD Major League Standings NATIONAL LEAGUE East Division 432 500 474 455 350

Thursday's Line Scores AMERICAN LEAGUE

Cellifornio 317 920 221—15 16 Minnesoto 901 907 001— 7 14 Boskle, Williams 16), Edenfield (6), Perci nulistrom (31, Guardado (51, San-and Meralla, W—Boskie, 20, les, 03, HRs—California, Phillips (4), Owen (1), Aljensen 2 (3), Minnesoto, Mu-

and 000 602 106—3 10 2
200 007 015—4 10 1
Inez, Poote (0), Plunk (1) and Pena:
non, Pierce (7), Lilliquis (7), Belinda Moctorione. W—Belindo. 2-0.
1-2. HR—Boston, Mociorione (4).
181 909 989—2 4 1
902 901 902—3 6 8 Benite: 181. Orosco 161, Jones 191 and Holles. Nakes (FI, W—Atussina. 3-1, L—Wells. 1-2. Sv—Jones 131, HRs—Detroll, Curtis 131, Hig-pinson (41.

Greer (2).

Oakland

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Oakland

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Stewart, Reyes (0) and Steinbach: Fernondaz, Hernondez (19) and Lavalliters. W—Fernondez

15). HRs—Oakland. Berroa (0), McGwire (9).

Chicogo, Devereany (2).

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NATIONAL LEAGUE
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(10), Honto (10) and Sandhari Branchia (8). Hente (10) and Stecher; Boulista, Dew-ey (7), Burba (8), Frey (10), Mints (10) and Mamustine, Western (10), Mints (10) and

ves (6) and Ser--Drabek, 1-3. Logiza, Dyer (4), Christiansen (5), McCurry

Locize, Dyer (d.) Christiansen (s), Niccurry (d.) Pieso (7), Golf (8) and Encormoden; Astocia, Horsell (St. Osuna (d.) T.Willioms (d.) Soanas (7), Ybornell (9) and Hernandez, W-Christiansen 1-0, L-71X-Williams, 2-2, Sv-Galf (3), HRS-Pittsburgh, Liriana (1). Japanese Leagues

**NBA Playoffs** CONFERENCE SEMIFINALS THURSDAY'S RESULTS

Orlando 31 32 22 29—(es Chicago 36 25 22 19—192 Orlando: Gran 2-8 2-8 4 5001 7-15 3-4 21. O'Neol 11-21 5-9 27. Anderson 4-13 2-2 14. Hordaway 6-135-521. Rolling-0-0-00. Stow 1-3 2-2 4. Bowle 4-4 1-19. Royal 0-10-0.0. Turner 1-1 (8), Henric 119, David Colored (1), Menta 1191 and Alamacring, Ve—Arocha, 3-1, L—Frey, 9-1. Sv—Henker (7), HRs—St. Louis, Zeike 141, Son Prancisco, Bonds (4). Coloredo 100 000 010-2 11 0 12. Tolois, 38-79 20-24 192. Kuiroc 5-10 4-5 Coloredo 100 000 010-2 11 0 12. Longiey 3-9 0-9 0, Armstrong 6-11 0-9 14. Altanta 000 001 20x—3 6 2 Jordon 5-197-1024 Horper 4-9 0-9, Kerr 1-2-9 and Girardi: Glavine, Manac (7), S.Reed (7), Leskonic (8) and Chicago Pippen 8-10-9 104. Horper 4-9 0-9, Kerr 1-2-9 and Chicago Pippen 1-10-124 Horper 4-9 0-9, Kerr 1-2-9 and Chicago Pippen 1-10-124 Horper 4-9 0-9, Kerr 1-2-9 and Chicago Pippen 1-10-124 Horper 4-9 0-9, Kerr 1-2-9 and Chicago Pippen 1-10-124 Horper 4-9 0-9, Kerr 1-2-9 and Chicago Pippen 1-10-124 Horper 4-9 0-9, Kerr 1-2-9 and Chicago Pippen 1-10-124 Horper 4-1-19, Royal 0-10-0. Turner 1-10-124 Horper 4-10-19, Royal 0-10-0. Turner 1-10-124 Horper 1-10-19, Royal 0-10-10-10, Royal 0-10-10-10,

Pen (-3, Horser 9-1). Pouled out—None. Re-buudds—Ortand 43 (O'Neal 13), Chicago 51 Phobes 12), Assists—Orlando 20 (Hardaway 7), Chicago 27 (Jardan 7), Total feals—Or-lando 20, Chicago 21, Technical—Plopen, Fla-

Phoenix 30 28 26 17-163 Houston 35 22 22 27-116 Phoenix: Borkley (2:23 510 34, Green 7-7-6-6 N, Kleine 5-10 6-3 IV. Johnson 5-15-4-14. Person 6-10 0-0 15, Perry 2-4-0-0-4, Thodie 5-6-1-17. Schoves 0-4-0-70, Waterford-11-0-0-0, Almge 0-10-0 8, Totals 27-95 19-25 103, Houston: Chilcutt 4-5 0-0 9, Horry 3-4 4-4 12, Dialuwan 13-22 4-23, Grenier 6-17 4-4 20, Smith 4-6 0-0 (0, Brown 3-52 3 8, Ello 4-5 0-0 11, Cossell 6-11 0-0 16 Totals 45-80 14-17 116

3-Point goals--Phoenia 6-17 (Person 3-5. Barkley 2-5, Majerie 1-5, Schaves 6-1, Johnson 0-31. Houston 12-25 (Cassell 47. Elie 3-4. Horry 2-2. Smith 2-3. Chilcull (-2. Glotuwon 0-1.

-Phoenis 49 (Borkley 141, Houston 46 (Clotuwon, Crextor 8). Assists-Phoenis 23 (Johnson 101-Houston 20 (Clotuwon 10). Total fouris-Phoenix 21, Houston 20. Technical--Houston (Hegol deforme.

Miller 0-0 0-0 0, Totals 22-71 (9-22 8).

3-Point geals—San Antania 4-11 (Elliatt 4-7, Del Negra 0-1, Person 0-3), Las Angeles 5-14 (Ceballos 2-4, Lynch 1-1, Janes 1-2, Smith 1-2, Peeler 0-1, Van Exel 0-41, Foeled au-Divos, Rebounds—San Antania 55 (Rodomon 14), Las Angeles 38 (Comphell 8), Assists—San Antonia 24 (John;aa 11), Los Angeles 22 (Van Evel 11), Total fouls—San Antonia 24, Las Angeles (9, Techalculs—San Antonia literal defense, Las Angeles (literal defense, Las Angeles (l

NHL Playoffs

CONFERENCE QUARTERFINALS THURSDAY'S RESULT

First Period—I, Pinsburgh, Mocker I Mun-shy, Jogr (. 1:27, 2, Pinsburgh, Francis 3 (Sie-vers, Jogr (. 15:40 (pp), Penthies—Tinordi. ettekingt.7:36: Hunter, Was (board-Vos. mign-chcung(,/18): Henrier, Vos. pour ling. (1210). K. Samuelsson. Pit. (John v.) comet. 14:41; Robitellle, Pit (elbowing), 19:58.
Second Period-None, Penalmiss—Pit vanha. Was, major-game mischalust (high-shicking), 4:15; Murray, Pit (pople interference). Taire Parled-3 Pittsburgh, Murray 2 Taird Partod J. Pirisburgh, Murrod 2 (Francist, 19:56 (cnl., Penalites—None. Shots on pend—Washington 9-13-11—33. Pirisburgh 7-56—45: Power-play Opportuni-ties—Washington 9 or 3: Philosymah 1 of 4; Gootles—Washington, Carer 2-4 (17 shot>15 soves), Pilisburgh, Wrespet 4-2 (33-33).

DUTCH FIRST DIVISION slectors & Peyenoord Rofferdom 0 ITALIAN FIRST DIVISION

ITALIAN OPEN

10 Rame
Slavies, Goorterfinals
Serol Scruwero 101, Sooks, def., Joros Biorkman (16), Sweden, 4-4, 4-1; Goran Ivanisevic
(3), Crootis, def., Jeff Torrango, United Sintes, 7-6 (7-2), 6-1; Thomas Musier (7), Austria, del. Michael Chare 12), United States, 6-3, 6-2. GERMAN OPER

GERMAN OPEN
Is Berlis
Singles, Quarterficials
Arantos Sanchez Vicario III, Scoln, del.
Kimika Date (61, Javan, 62, 64), Natalia Zvereva (7), Belarus, del. Nicole Bradike, Australia, 7-6 (62), 8-2; prins Spirice, Romania, del.
Petra Becerum, Germany, 6-4, 6-3; Mosdaleng Molecca (5), Bulgaria, del. Mary Pierce,
France, 24, (25), 4-44.

Giro d'Italia

France, 74 (7-5), 44 64

Results in the seventh stone, 216 kms from Toronto to Terme Lulpinee: 1, Maurizio Fondiest, Halv. Lamere, 5 hours 11 minutes, and 50 seconds: 2, Tony Rominger, Switzerland, St seconds: 2. Tony Rominger, Switzerland, Mapel GB, same films: 3. Francesco Casagrande. Itahy. Mercatone Una. s.l.; 4. Ploir 
Uorumay, Lahula, Gewiss Bailan, Ino seconds 
benind: 5. Francois Simon. France. Custorama, 5 seconds: 6. Cloudia Chicapucci. Italy. 
Carrera, s.l.; T. Massimiliano Letti. Italy. Marcatone Una. s.l.; 8. Daylde Rebettin. Italy. 
Mapilificia MG, s.l.; 9. Evgeny Berchi, Russia, 
Gewiss Bellon, s.l.; 10. Jens Hespiner, Germanny. Totekom. s.s.
Standings: 1. Rominser, 29 hours, 12 min-

Standings: 1, Northinger, or nours, 12 min-ules, and 35 seconds; 2. Fandriest, 47 seconds behind; 1, Cosagrande, 1:11; 4, Berzin, 1:28; 5, Ugrumov, 1:38; 4, Rebellin, 1:38; 7, Pavel Ton-kov, Russia. Lampris. s.t.; 8, Leilli, 2:02; 9, Wagdinly Belli, Huly, Lampre, 2:20; 18, En-rica Zaind, Italy, Cornera, 2:23.

An an agreement married that the BASEBALL

BASEBALL
American League
OAKLAND—PutMike Gallogo, infletder, on
15-507 elsobled fist, Peccilied Fousic Cruz,
infletder, from Edmonton, PCL
TEXAS—Acreed to terms with Ivan Rodriguez, cartere, an I-year confract. Acquired Domingo Jean, pitcher, from Houston for Roser
Luce, cartere, Sent Jeon to Oktobarna City, AA.
Mallogol League II.

Reider, to Richmond. IL. Activated Ryan Klaska, autificider, from 15-day disabled list.

comp.

HOUSTON—Put Phil Plantier, outfielder, on 15-day disobled Rsi. Sent Roger Lucs. catcher, to extended sorting training. catcher, to extended spring troining.
SAN DIEGO—Agreed to terms with Andy
Ashby, Pitcher, on 1-year contract.
SAN FRANCISCO—Assigned Poble Cordere, Infielder; Brion Wallace, shortstop:
Mark Gulleth, Ist boseman; and Dereic Reid.
outfielder, to Burtinaton. Mil. Semi Notorris
Bray and Rey Carulo, outfielders, from Bur(inaton to extended spring froining. Promoted
Todd Withson. Infielder; from Burtington to San
Jose, Cl., Released Brion Zafetel, outfielder;
Reossigned Isbel Cardono, pitcher, from BurHagton to extended spring training in Scotts-

FOOTBALL
Nettond Feetbell Leogue
ATLANTA—Signed Rob Setby, puned.

CHICAGO-Named Charles Garcia nation DETROIT—Signed Trocy Screenins, de-irmive end, to multiyear contract, GREEN BAY—Signed Matt Labourty, defensive end. MIANI-Staned Norman Hand and Corty

HOCKEY

BOSTUN—Fired Brian Suffer, coach, DALLAS—Sent Zoc Bayer, right wing, and Travis Richards, defendence, to Koloatezou,

right wing, trees Correctly wins, and Vlastimil Kroupa, determent from Kansas City, 1HL. VANCOUVER—Signed Lett Roblin Bert Robertsson, defensemen.

COLLEGE INDEPENDENT ATHLETIC CONFER-FRESNO ST.-Named Doney Tor John Welch and Johnny Brown men's a

Atlanta, narrowly missed win-

With two outs and Colorado

Tony Phillips and Spike Owen also homered for California, which led by 10-1 before. the Twins rallied for seven runs in the sixth. Pedro Manoz hit, two homers for the Twins.

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White Sex 4, Athletics 2: Mike Devereaux hit a two-run' homer in the seventh in Chicago. while Alex Fernandez retired the first 11 Oakland hatters. took a no-hitter into the sixth. and finished with 10 strikeouts

Orloles 3, Tigers: 2: Baltimore, playing at home, got two runs on an error by Cecil Field.

# If nation to extended spring training in Southstone, and Southstone, and Southstone, basice Table Reckies Fall Short Again Basice Table Metioned Residented Association Boston—Fined Chris Ford, cooch, Phocenix—Wolved Richard Dumos, for-north. For Don Review Table The Associated Press Trainings at first and second, Penegard.

should lose sleep over. "You knew early it would be a one-run game. You always think about the one run you

NL ROUNDUP

didn't get. We came up 90 feet two-run homer with two outs in; short tonight," Baylor said the sixth to give Pittsburgh its-Thursday night after the Atlan- victory in Los Angeles.

ta Braves won, 3-2. Javier Lopez's fourth homer of the season, a 446-foot shot MONTREAL-Sent Morto Roberpe, left with a man on that landed deep in the seats in left-center in the

wise, to seventh inning, had provided wisen, the margin of victory.

ning this one in the ninth.

"They tried to give it to us. a
We wouldn't take it. They tried
every way they could," Baylor so

the Colorado Rockies, it was a base. Borbon then threw what, one of those games that you could have been a disastrons pitch to Larry Walker, whose,

long drive was caught by Mike:

Kelly at the left field wall. Pirates 7, Dodgers 6: Nelson Linano got his first four RBIs of the season and pinch-hitter Rich Aude hit a tie-breaking

Mets 8, Astros 1: Jeff Kent. and Todd Hundley cach drove in two runs in the first inning in Houston and Bobby Bonslla hit: his fifth homer as New York' best Doug Drabek for the first

the margin of victory.

But the Rockies, who dropped three of four games in nard Gilkey's RBI double in the 10th, followed by Ray Lank-ford's sacrifice fly, gave St. Louis a victory in San Francisco.

Barry Bonds homered for the second straight game and Matt Williams had three singles for the Giants.

### DENNIS THE MENACE



It looks like my Mon's lost again." JUMBLE. GEDEH TULFAY NARROC

er bare: THE "COOK" LARVA FRIAR EXTANT AIRWAY Whose a pretty gist course chang shore leaves — NAVAL WARFARE

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### **PEANUTS**



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DOONESBURY

ON OUR WAY

I WAS ASLEEP BUT NOW I'M

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BEETLE, YOU'RE

ALWAYS IN THAT

BED WHILE THE

OTHERS ARE UP DOING THINGS



CAN YOU EXPLAIN

YOURSELF?!





ODIE







BURRERA

EVERYONE

NEEDS A

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HOBBY











WIZARD of ID







THE FAR SIDE



### BLONDIE



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# Magic — Poof! — Make Jordan and His Bulls Disappear

By Michael Wilbon Washington Post Service

CHICAGO — The looks on the faces of the Chicago Bulls said they couldn't believe it.

With just more than three minutes left, they had led by eight points and a Game 7 of their NBA Eastern Conference semifinal appeared inevitable. But the young Orlando Magic stormed back in a way Michael Jordan and the Bulls used to.

of the game while Jordan shot an air ball and made two questionable passes in the final 30 seconds. And that improbable combination of events gave Orlando a 108-102 victory that eliminated the Bulls, 4 games to

It was the first time since

troit Pistons, that the Bulls with

Jordan had walked off the court that put them ahead, 103-102.

Anderson with 42.8 seconds left summer to say what if. What if I made the jump shots down the as losers in a playoff series.

But when Orlando's Shaquille O'Neal dunked home the final two points with just seconds remaining, it served to underscore that the Magic are

### NBA PLAYOFFS

younger, stronger, quicker, per-haps smarter and indisputably better. It was their second victory here in the United Center, and the third game in this series They scored the last 14 points in which Jordan was shaky the game while Jordan shot down the stretch.

With 3:24 left, after B.J. Armstrong's 3-pointer put the Bulls up, 102-94, it seemed the series was headed back to Orlando. Instead, the Magic got an offensive rebound basket from O'Neal, a 3-pointer from Nick Anderson and two free

Jordan had missed everything with his shot when the Bulls ahead, 102-101, and it had become obvious several minutes earlier that he was exceptionally tired. After Anderson's go-ahead basket, the Bulls

When play was resumed, Jor-dan found 7-foot-2 center Luc Longley open under the basket. much the way he passed to Bill Wennington for the game-winning dunk in March at Madison Square Garden, when Jordan torched the Knicks for 55 points. Problem was, Longley not only didn't dunk the hall, he didn't lay it in. He didn't even hit the rim; the ball glanced off the glass, Dennis Scott was fouled and he sank a free throw for a 104-102 Orlando lead with 28.7 seconds left.

made the jump shots down the stretch? What if I'd been here a whole season? What if I'd been here last season?"

hut, after another timeout, Jordan found himself double- bounds. teamed by O'Neal and Anderson. Again, he tried to hit Longley, but this time the pass was low, around Longley's knees, and he never caught the hall. Orlando recovered, Penny Hardaway made two more free games, particularly on the road. throws, Armstrong missed a 3-pointer, O'Neal finished and

the party was on for the Magic. The franchise that joined the league in 1989 oow awaits the wiooer of the New York Knicks-Indiana Pacers series, which Indiana leads, 3-2, going into Game 6 Friday night in Indianapolis.

Jordan scored 24 points, with 1990, in Game 7 against the throws from Brian Shaw, then a shake-and-bake jumper from Jordan said. "I's very disappointing." Scottie Pippen had 26 points and 12 rebounds for the Bulls.

O'Neal got 27 points and 13 general manager, who let free rebounds.

Horace Grant, who didn't play for much of the last quarter after he dislocated his finger The Bulls had a chance to tie, and couldn't even hold the ball. got only 6 points and 6 re-

> Still, it was Grant whom teammates carried off the court oo their shoulders after the huzzer sounded. To a man, the Magic credited him with showing them how to win playoff We've had poise since day

> one, or since Horace Grant came to the team," O'Neal said. "To me, he's the team's MVP. He doesn't have a shoe deal or a rap album. All he does is make shots, grab rebounds."
> Asked how he felt, being car-

ried off the court by his new teammates in the city where he helped win three NBA titles. Grant said, "I was looking for Jerry Krause in the stands." He was referring to the Bulls'

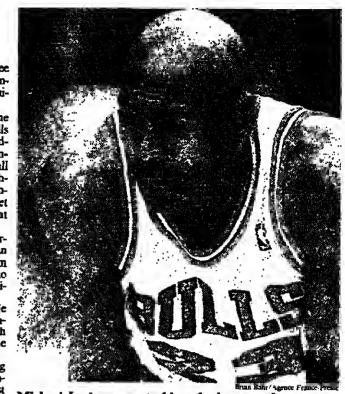
agent Grant get away last summer after seven seasons in Chi-

The Horace Grant story line obscured the fact that the Bulls also had a difficult time guarding Hardaway (21 points), Andersoo and Scott. When all three were in the lineup together, it meant that either Armstrong or Steve Kerr, each 6 feet 2, had to try to goard a man at least three inches taller.

Grant, in his postgame inter-view, was asked whether Jordan had enough players on his team since coming back March 19 to seriously contend for a championship.
"When you've got Scottle

Pippen, Toni Kukoc, B.J. Armstrong ... you've got enough guys to get the joh done," he said.

And in his off and oo running hattle with his former teammate, Grant had had the last



# New Tournament For Rugby Union Set for Next Year

CAPE TOWN - South Africa, Australia and New Zealand rugby union officials said Friday that they have agreed to launch a southern hemisphere rival to the Five Nations championship, starting next year.

A format for the competition, as well as a proposed replacement for the Super 10 provincial tournament, was confirmed at a meeting between leading officials on Priday, although few details were announced.

Edward Griffiths, chief executive of the South African Rugby Football Union (SARFU) stressed that the new competitions would fall within the regulations of the International Board, but said commer-cial discussions were still continuing.

"We're not just sitting back and letting events take their course," said Griffiths, "The message is we have reached an ad-

Full details of the new tournament are likely to be announced before the end of the World Cup on June 24, sources said.

SARFU, the Australian Rugby Union and the New Zealand Rugby Union have agreed to form a company, comprising two directors from each country. David Moffet, executive director of the New South Wales Rugby Union, has been appointed chief

The Super 10 format, comprising provincial sides from the three countries plus either Western Samoa or Tonga, was already up for discussion at the end of a three-year agreement.

Officials refused to say whether the Pacific island countries would be invited to take part in the new competition.

47 Dada papa

49 Basra resident:

51 Evidence left

54 Kind of neck

59 [9-1]

56 Drama kudos

62 Mark — Oliver of 1968

83 Game full of

traps 64 Newspaper

68 Hidenway

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Ireland's Nick Popplewell (bottom), the halding Terry Kelpin and Terence Kingston went head-to-head with a scrimmage machine in Johannesburg.

CELEBRITY TYPES By Dean Niles

# Spurs Gain Final as Rockets Hang On

Form prevailed as the San Antonio Spurs advanced to the

The Spurs, whose 62-20 regular-season record was the best in the NBA, used a 16-2 run late in the third quarter to go ahead for good in beating the host Lakers, 100-88, Thursday night to win the best-of-7 second-

round series, 4-2. David Robinson led the Spurs with 31 points and 15 rebounds. He scored 12 of his tired," Rohinsoo said. "We team's final 14 points; the Lakers scored only six points during that time, making the game seem more ooe-sided than it

in San Antonio and came here the Spurs outrebounded the to play hasketball," said the Lakers, 42-28.

Spurs' coach, Boh Hill. "I think Nick Van Exel, who had been Western Conference final for we were so heavily favored to largely responsible for keeping the first time in 12 years and the win, we took this team for the Lakers in the playoffs, got Los Angeles Lakers ran out of granted. That was a hig mis-only 13 points although he also take, because they never quit. They just kept coming at us."

Never was that more evident than early in the fourth quarter. The Spurs held a 79-68 lead entering that period, but the Lakers outscored them by 14-5 to draw within two points with 7:23 left. But they would get no

"I think they got a little hit made them play catchup the whole game.

Dennis Rodman, back in the starting lineup after a two-game really was,

We had a very bad attitude

absence, nad 12 points and 10

rebounds. The Lakers' center. Saturday in Phoenix.

Trailing by 84-83 w

had 11 assists. "I knew before the game that

Nick wasn't 100 percent," said the Lakers' coach, Del Harris. "His back was hurting. When he didn't come out shooting, I knew he didn't feel good."
Rockets 116, Suns 103: Ha-

keem Olajuwon seored 30 points and Houston's sharpshooters scored 15 straight fourth-quarter points oo 3pointers as the Rockets, trying to become the fifth team to recover from a 3-1 deficit, tied their Western Conference semifinal at 3-3, with Game 7 on

onds to go in the third quarter, the Rockets went on an 18-5 charge that carried over into the fourth period.

Olajuwoo, who had nine points in the last period, then turned the game over to the Rockets' 3-point shooters and they made five in a row.

Mario Elie started off the harrage and later made another, while Sam Cassell also hit two 3-pointers and Robert Horry got one in the hurst that kept alive the Rockets' hopes of defending their NBA title.

Charles Barkley, with subpar performances in Games 3 and 5, made his first 10 shots and finished the opening half with 27 points and the Suns held a 58-55 lead. But Barkley took only two shots in the fourth quarter and finished

# Rodman: Back With a Bang And a Big Raspberry for All

tory tonight was not for me, it was for the much of the second quarter, playing only other 11 other guys," he said, having ini-tially waved off recorders, "Whatever I did He started to was for them. They live for this stuff, not me. I live for myself and my daughter."

Dennis Rodman, back in the starting lineup for the first time in three games, had lost none of his rebounding ability or hizarre habits.

He got the Spurs off to a strong start. dominating the first period with six points and seven rebounds. He sat down with

Garrido, Mitchell Share Lead,

Langer Ties European Mark

MADRID (AP) — Ignacio Garrido, who grew up playing the Cluh de Campo

course, shot a second-round 6-under-par 66 Friday to tie Peter Mitchell of England

at 133 for the halfway lead in the Spanish

Bernhard Langer tied European PGA a

Jimmy Garcia of Colombia died in Las

egas, 12 days after collapsing with a

Rick Adelman, whose Portland teams got

Stephan Lebesu, the Anaheim Mighty

Ducks's center, signed a two-year cootract

with Lugano in the Swiss League. (AP)

Bobby Cox, the Atlanta Braves' manag-

record by making the cut for the 56th

SIDELINES

Open.

1:23 remaining and the Spurs leading. 24-INGLEWOOD, California - "The vic- 18, then rested, with his shoes off, for

jumper to give the Spurs a 59-57 advantage. He also scored a basket in a 10-0 run that put them ahead, 79-68, heading into the final quarter.

Rodman was held out of the Game 4 victory after not taking take part in a huddle and generally acting as though he wasn't interested. He didn't start but

played in Tuesday's game in San Antonio, getting 11 points and 15 rebounds. As recently as that day, he and the Spurs' coach, Boh Hill, were trading shots in the media. But tempers cooled as quickly as Rodman changes his hair color, al-though, for this game, he had the same orange top, red-ringed 'do that he had

worn previously. "He's arguably the greatest rebounder in the history of the league," Hill said before tipoff. "Why would you want to

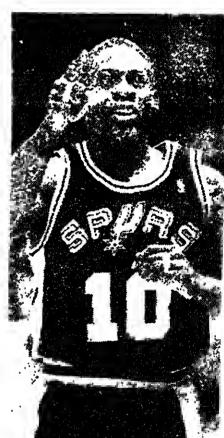
Rodman had seven of the Spurs' 14 rebounds in the opening period and added two assists. He often directed traffic on the floor, waving his arms and pointing for his teammates to get in position.

trade that?

Which did not impress Hill. "That's cosmetics. We knew what plays we were going to run," the coach said. "It's part of his entertainment package. I don't care that he does that."

Rodman still found time to prove he is unique. Heading to the bench for the first time oear the end of the first quarter, he greeted the spectator sitting oext to him with a handshake and chatted for about a

During the huddle between periods. Rodman stood shoeless, hands clasped behind his back and watched the Laker Girls perform on the overhead scoreboard before turning to watch them in person.



Dennis Rodman: Forever bizarre.

after the two crashed to the floor in pursuit of the ball. Rodman got up smiling, and helped Ceballos np, too.

A minute later, two fans at courtside shouted at Rodman and he came over, bopping one of the men oo the head before a teammate chased him away.

While the rest of the Spurs enjoyed the victory in the locker room, Rodman was off by himself in a hallway. He finally made his way through the room, signed an autograph for a young boy, then disappeared into an adjoining room.

These moments come and go so often Midway through the third quarter, the crowd of 17,505 chanted insults at him as he smothered the Lakers' Cedric Cehallos myself," he said.

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3 \*\*:- 1}}} 4 Stars and bars. e.g. 5 Hawaiian island 6 Record from the heart: Abbr. 7 Jacob's Iwin 8 Western livestock peril

> a Eucalvotus, c.g. 10 Literally. "high-souled" --- rigueur (to extent): Fr.

83 Singer Bob Marley, e.g.

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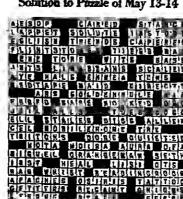
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Solution to Puzzle of May 13-14

115 Twaddle



### er, agreed to undergo anger alcohol and counseling; criminal charges of striking his wife were delayed until Aug. 25. **ESCORTS & GUIDES**

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1. EXPLODING GUAM SNEAKER — Some months ago I discussed an article in the Pacific Daily News concerning a Guamanian boy whose Nike brand sneaker reportedly exploded. This report turns out to be untrue. According to a later Daily News story, seot to me by staffer Mark Cook, the boy admitted that there had been a firecracker in his sneaker, and it was this firecracker, NOT the sneaker, that exploded. I wish to sincerely apologize to the Nike legal department for any bad publicity that my column may have caused, and stress to consumers that Nike brand sneakers do NOT — repeat, do NOT — explode. They merely contain firecrackers that explode. I

hope this clears everything up.

2. HUNTING LAW UPDATE — A oumber of angry sportspersons have written to inform me that, contrary to the impression I may have given in a recent column about hunting, it is NOT legal to drop the frozen carcasses of large animals purpose on more than one occasion. or Tobacco Institute scientists on hunters from helicopiers. If you are doing this, I urge you to stop, or at least send me video-

3. CORRECTION — Several readers have informed me that recently the Nashville Banner, instead of printing my column, printed this announcement:

Dave Barry, whose humor column normally appears in today's Lifestyles section, is taking the week off.

This is not, technically, true. What the riously, the Misty Gum Remover fumes Nashville Banner no doubt MEANT to say exploded in a hlast that hlew the three was: "We are not going to publish Dave Barry's column this week because it concerns a Hong Kong man who demonstrates the benefits of the Daoist philosophy hy lifting heavy weights with his private parts, and we feel that the people of Nashville do

not need to know about this." I'm sure the announcement was an inoocent mistake. In fact, I urge you to call the Banner and subscribe: if you act today, the Banner will give you, free of charge, a house. Speaking of houses, a question that homeowners as well as professional main-

Europe

MIAMI — Before I get to this week's attempted recently by maintenance pertopic, gopher safety, I wish to "set the record straight" regarding three matters:

Ceres, California. I learned about this incident from a major front-page story in the April 5 Modesto Bee. What happened was, a student found a gopher on the grounds of the school, which has a chronic gopher problem. The gopher wound up in the custody of three custodians, who put it in a bucket in a small, poorly ventilated utility room.

I will give you 300 million guesses as to what they decided to do next.

What they decided to do was freeze the gopher to death by spraying it with a product called (I am not making this up) "Misty Gum Remover." This product is designed to be sprayed on the gum wads that are found on the undersides of all school desks (they are stuck on right at the desk factory). The product freezes the gum, making it easier to chip off. Misty Gum Remover is not specifically designed to send gophers to that Big Hole in the Sky, but the Fowler Elementary

custodians had successfully used it for that

So at this point, we have nothing more than a routine case of three custodians trying to freeze a gopher to death with gum remover — the kind of thing that (ask your kids!) goes on in our nation's schools every day. Then one of the custodians decided to light a cigarette.

You have probably guessed what hap-pened next, That's right: The custodians' Nike hrand sneakers exploded. No. secustodians out of the utility room and injured a total of 19 people. The gopher - I am still not making this up - lived. According to the Bee, it was taken into police custody and released in an empty field. where I imagine it will spend the rest of its days whimpering and gulping down tiny

gopher Valiums. The moral of the story, for both homeowners and maintenance professionals, is that if you must dispose of a gopher, you should use the method recommended by leading authorities such as the Archbishop tenance personnel are constantly asking is: of Canterbury: namely, mail it, in a secure 'What is the correct method for disposing package, to the Nashville Banner, Do NOT send it to me: I'm taking the week off.

Knight-Ridder Newspapers

The answer is: "Not the method that was

# In Amsterdam, a Mahler Extravaganza

By David Stevens International Herald Tribune

A MSTERDAM — For years music of been no shortage of the music of MSTERDAM - For years there has Gustav Mahler in concentrated doses like festivals or cycles, but there has been nothing quite like the 17-day extravaganza put on here by the Concertgebouw. this city's justly famous concert hall.

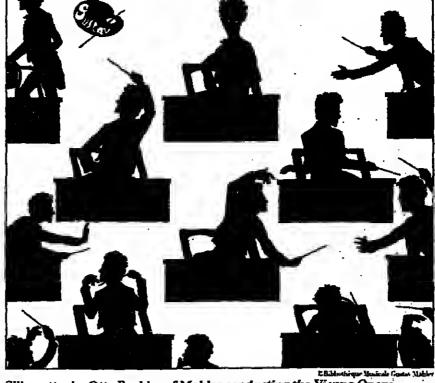
Virtually all of Mahler's music was heard in 19 concerts, with the major load of the symphonies shared by the resident Royal Concertgebouw and the Berlin Philharmonic and Vienna Philharmonic orchestras, all three closely linked to Mahler's life and music. Bernard Haitink. a leading Mahlerian and a longtime chief conductor of the Concertgebouw, led one concert with each orchestra.

Other music - the songs and relevant works by other composers - were included, and the program was outfitted hy exhibitions, a scholarly symposium and other peripheral events.

It was also a festival fraught with anniversaries, and anniversaries within anniversaries, joyful and painful. The span of this Mahler Feest included the 50th anniversary of the liberation of the Netherlands, but also the 55th of the Ger-man invasion of the country. The final concert came a day before the date of the composer's death, which occurred in Vienna on May 18, 1911.

But mainly, this festival was organized hy Martijn Sanders, the Concertgebouw's director, to commemorate the 75th anniversary of the historic Mahler Feesi put on here in 1920 by the conductor Willem Mengelberg, then celehrating his own 25th anniversary as principal conductor of the Concertgebouw Orchestra hy conducting all the symphonies of a composer whose works he had tirelessly championed since the early years of the century. No Mahlerian world premieres took place of his symphonies with the orchestra and Mengelberg kept the flame burning.

dition. Dark because of the sad ending to of the orchestra, most of that time as one of the most popular figures in the country. Jewish composers was enforced. That popularity disappeared almost



Silhouettes by Otto Boehler of Mahler conducting the Vienna Opera.

overnight, mainly because of his almost Mengelberg seems to have been regarded incredible naïveté allied to a predilection for German artistic ideals.

Mengelberg, who was born in Utrecht in 1871 of German parents who had immigrated, was taking the waters in Bad Gastein, near Salzhurg, when the Germans invaded the Netherlands. Nonetheless, he then speot several weeks in Germany and gave an interview to the Völkischer Beobachter, the Nazi Party mouthpiece, relating how he had celehere, but the composer conducted several brated the German invasion with champagne at Bad Gastein.

His attempts to explain this at home did So Mengelberg was kind of a dark not help matters, nor 1nd photographs patron saint of this festival. Patron saiot such as those showing him chatting amibecause of his establishment of the or- ably with Artur Seyss-Inquart, the Nazi chestra's reputation and its Mahler tra- proconsul. He tried to help Jewish musicians, with mixed success, and he was his career after half a century at the head allowed to conduct his beloved Mahler only once more in 1940, before the ban on

In the postwar settling of accounts,

as a propaganda dupe rather than a col-laborator. Nonetheless, he was banned from conducting in the Netherlands and his royal decorations were taken away. He died in 1951 in his Swiss chalet.

He is still a controversial figure here, and his musical importance makes his posthumous presence inevitable. It is not so much a rehabilitation as a recognition of his artistic importance in spite of ev-

erything.
The Mengelberg archives are now at the Gemeenternuseum in The Hague, which put on a fascinating exhibition (through June 25) that does not gloss over the unhappy last years. Most touching is a 1947 letter from Aima Mahler (by then also the widow of Franz Werfel): "Please let me now how you are — how you live — whether you have friends, whether you

musical manuscripts, also in The Hague or so of total silence.

(to June 18), "Mahler in Amsterdam" at the Gemeentearchief in Amsterdam (to June 11), and an exhibition of early and later Expressionist art in the Stedelijk Museum of Amsterdam (to July 2), in which works by Kokoschka and Kirchnerhave a certain period relevance. During the program, the foyer of the Concertgebouw was filled with what seemed to be every photograph of Mahler ever taken. They were from the collection of Gilbert Kapian and also available in book form.

Other publications appearing because of or in conjunction with the festival are a monumental program book, edited by Donald Mitchell, and a reproduction of the manuscript of the Seventh Symphony. which is in the archives of the Concertgebouw. And the much-delayed second volume of the English version of Henry-Louis de La Grange's colossal Mahler biography was also much in view.

Opposite the Concertgebouw building, a big tent was the venue for a variety of events, free to the public or at nominal cost, including the direct transmission of all the concerts on a huge screen and with excellent recorded sound.

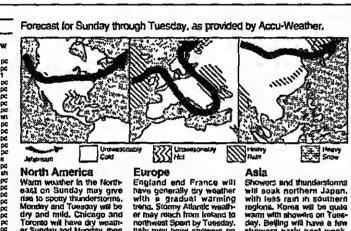
But the music is the thing, and the final concerts lived up to the occasion. Although the general layout was chrono-logical, the finale was reserved for the vast Eighth Symphony. Called the "Symphony of a Thousand" because the Munich world premiere had more than a thousand instrumental and choral performers, most performances, like the one

here, make do with less than half of that. But the Concertgebouw and various choral ensembles under the orchestra's current music director, Riccardo Chailly. gave an eloquent and exciting account of the composer's marriage of the creative spirit to the power of love.

Also fascinating was the concert by the BBC National Orchestra of Wales under Mark Wigglesworth, which included Deryck Cooke's performing realization of the material Mahler left for his Tenth Symphony. Ventures of this kind are always debatable, but this was surely worth including, if only because of the final movement, affirmative in tone despite the premonitions of death and a troubled masriage at the time it was written. Even with posthumous assistance, it was Mahler's are balfway happy ...' last word, and when the last note sounded.
Other exhibitions are one of Mahler it was followed by an eloquent-10 seconds

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### WEATHER



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Secul	20/68	12/53	871	24/75	12/53	DC		
Snanghali	22/71	19/86	ï	27/90	19/58	DC		
Singapore				33/91				
Talpel	31/88	23/73	pc	32/83	23.73	pc		
Tokyo				24 75				
Latin An	erica		_			-		
Marroy Street	21.770	11.62		20.00	11.57	-		

Pio dellanaro Sontrago	24/75 20/68			23:73 16:64	6.43	
North An	neric	a				_
Anchorage	17/62	8/43	pq	16.61	6:43	55
Adenta	28/62	14/57	•	26/62	17/62	
Boston	25/77	14/57		21/70	12/53	pc
Chicago	23/73	9/48	æ	19.66	P.ag	pc
Denver	22/71		,	19,00	EM3	20
Detroit	23/73	9/48	pc:	20/88	10/50	
Honoluki	29/84	23/73	pc	29 64	22/71	DC
Houston	31/88	10/64		31 '86	21/70	
Los Angeles	24/76	13/55	pc	26/79	13/55	pc
Migmi	32/89	23/73	pg	32/89	24.75	277
Minneapole	17/52	5/41	5	10-64	7 44	DC
Montreal	19460	8/45	DC	19.66	6 18	311
Мазаки	32/66	23/73	pg	31/28	23.73	pc
New York	27/80	13/55	•	24.75	14/57	DC
Phoeniz	37/98	23/73	•	36/100	22/71	
San Fran.	20.68	11/52	~	10.86	11,52	-

B ig spender. Jane Pauley said she was as year. But with two dozen relatives in tow and some help from Amy Hill Hearth, the Trudeau paid \$1,000 for his own work.

Nancy Reagan says a new collection of the wit and wisdom of Ronald Reagan will bring tears to your eyes. "If you ever want to get the essence of the man, it's there," Mrs. Reagan said as she looked at one of the first copies of "Ronald Reagan: The the tough Las Vegas entertainment scene Wisdom and Humor of the Great Com- 25 years ago. "We were nobodys, but he municator." The book, due out on May 30.

House. Reagan said in November that he has Alzheimer's disease.

Bessie Delany. 103, and Sadie Delany. 105, the sisters whose long memories and snappy thoughts are the story of "Having Our Say." this week finally got to see how their lives play oo Broadway. It took a churches, libraries and one ambassy... The churches libraries and one ambassy... The prague Post. Levy was honored for his while: both of them broke their hips last American Society of Journalists and Au-book "The Wiesenthal File.

**PEOPLE** 

her hand up at an auction to bid for a cartoon co-author of their biography, the sisters — by her husband. Garry Trudeau. The caught the matinee. The producers didn't auction was a benefit for the Reporters tell the audience, but it didn't take long for Committee for Freedom of the Press. anyone to realize who the women in the box tier were. At intermission, they got a standing ovation.

Thanks, Liberace. Siegfried and Roy couldn't have done it without you. The illusionists say the flashy pianist encouraged them when they were trying to crack was put together by Frederick J. Ryan Jr., told us, 'Never take your audience for an aide to Reagan after he left the White granted."

> Finnish architect Juha Leiviska won the 1.5 million kroner (\$270,000) Carlsberg Architectural Prize, the biggest award in the field. He was chosen among 64 can-



Reagan with his book of quotes.

# Fine cuisine Romantic sunsets.

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